

MERGER ISSUE 1969

# OUR SUN

MAGAZINE OF SUN OIL COMPANY

SPECIAL ISSUE

The **NEW**  
Sun Oil Company

AR26





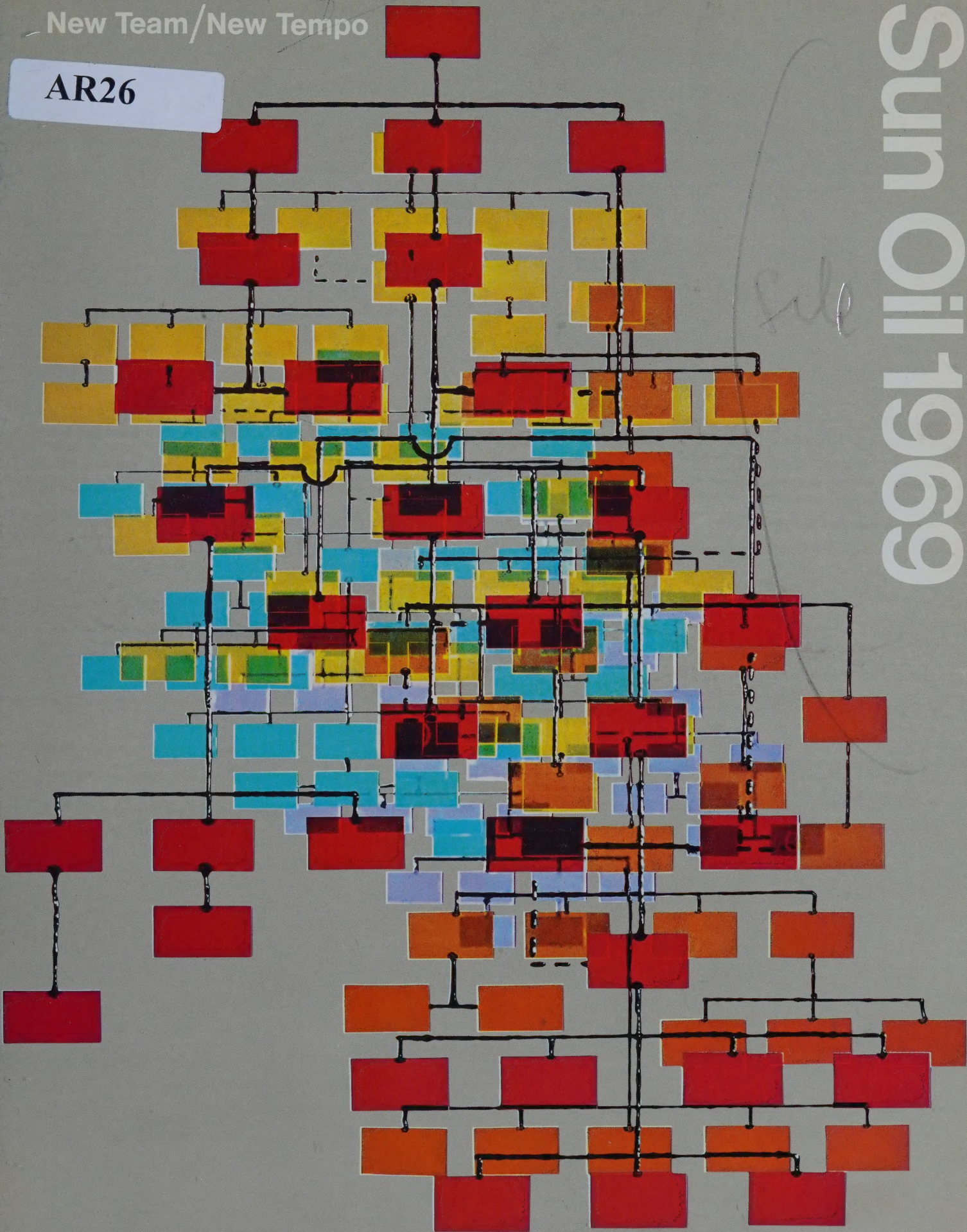




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New Team/New Tempo

AR26

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Sun Oil 1969





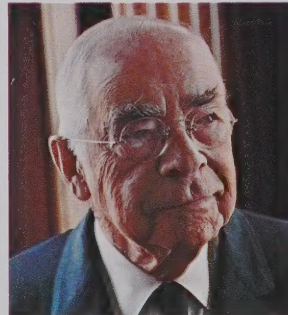
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## 1969 Annual Report Sun Oil Company

COVER: A design by Sun art director Raymond Shockley seeks to capture depth of organizational change and vibrant tempo as Company's new management team enters the 1970s. Photo by Wm. M. Rhodes, manager of Photographic Services.

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J. Howard Pew  
Board Chairman



Paul E. Taliaferro  
Deputy Board Chairman



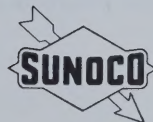
Robert G. Dunlop  
President



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# SUN OIL COMPANY



## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

2:00 P.M. Tuesday, April 15, 1969

SUN CENTER

Concord Road, Feltonville, Delaware County  
Pennsylvania







# SUN OIL COMPANY

1608 WALNUT STREET, PHILADELPHIA, PENNSYLVANIA 19103

JOSEPH T. WILSON, JR.

SECRETARY

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS APRIL 15, 1969

Dear Stockholder:

The 1969 Annual Meeting of the Stockholders of Sun Oil Company will be held at Sun Center, Concord Road, Feltonville, Delaware County, Pennsylvania, on Tuesday April 15, 1969, at 2:00 P.M., for the following purposes:

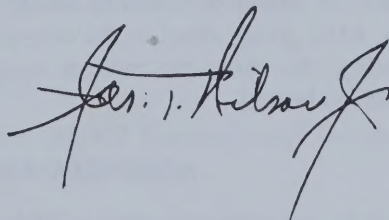
1. To elect a Board of Directors for the ensuing year and until their successors are elected and qualified;
2. To transact such other business as may properly come before the meeting.

Only stockholders of record at the close of business on February 28, 1969, will be entitled to vote at the Annual Meeting or any adjournments thereof.

You are cordially invited to attend the meeting. If you plan to attend, please so indicate on the proxy form, in order that appropriate directions may be mailed to you.

To assure your representation at the meeting, you are urged to fill in, sign, date and mail promptly the enclosed proxy form in the accompanying envelope, which requires no postage if mailed in the United States.

Sincerely,

A handwritten signature in dark ink, appearing to read "Joseph T. Wilson, Jr.", written in a cursive style.

Secretary

March 24, 1969



## **PROXY STATEMENT**

### **Solicitation, Exercise and Revocability of Proxy**

Solicitation of the enclosed proxy is made by the management of the Company. The proxy is revocable at any time before it is exercised. Under New Jersey Law attendance at the meeting will not be effective to revoke the proxy unless written notice of revocation has been given to the Secretary of the meeting prior to the voting of the proxy. Properly executed proxies received and unrevoked will be voted on the matters specified therein and in the manner specified therein.

The cost of soliciting these proxies will be paid by the Company. The Company may request brokers, custodians, nominees and fiduciaries to forward proxy material to the beneficial owners of stock of record. In addition, solicitation may be made by officers, directors and regular employees of the Company by personal interview, mail, telephone and telegraph.

### **Voting Securities and Principal Holders Thereof**

On February 28, 1969, there were outstanding 26,827,964 shares of Common Stock, \$1 par value and 18,494,617 shares of \$2.25 Cumulative Convertible Preferred Stock, no par value, ("Preferred Stock"), all of which will be entitled to vote at the 1969 Annual Meeting. Every stockholder is entitled to one vote for each share of Common Stock and to one-quarter of one vote for each share of Preferred Stock registered in his name at the close of business on February 28, 1969. The holders of Common Stock and the holders of Preferred Stock shall vote together as one class and as such, a total of 31,451,618 votes will be eligible to be cast.

As of February 28, 1969, the record date, The Glenmede Trust Company as Trustee of The Pew Memorial Trust, a charitable Trust, owned of record but not beneficially 5,747,793 shares of Common Stock, or 21.4% of the outstanding Common Stock entitled to vote. In addition, The Glenmede Trust Company is fiduciary and co-fiduciary for a number of other trusts or estates and, as such, held or owned of record but not beneficially an aggregate of 3,809,716 shares of Common Stock, or 14.2% of the outstanding Common Stock entitled to vote. After giving effect to the one-quarter of one vote for each share of Preferred Stock outstanding, the above percentages would be 18.3% and 12.1% respectively of the total votes eligible to be cast.

### **NOMINEES FOR ELECTION OF DIRECTORS**

The management proposes that the proxy will be voted for the election to the Board of Directors of the eighteen nominees listed below. The elected Directors will serve for the ensuing



year and until their successors are elected and qualified. All nominees are currently Directors and their terms will expire when Directors are elected at the 1969 Annual Meeting. Although management does not expect the contingency to occur, if any nominee declines or is unable to serve, management may nominate and vote the proxy for a substitute or, prior to the meeting, the Board of Directors may amend the By-Laws to reduce the size of the Board.

Name and Principal Occupation or Employment	Director Since	Shares Owned Beneficially as of February 28, 1969	
		Common	Preferred
Wilburn T. Askew, Vice President, Sunoco Division.....	1960	9,514	
Elmer R. Bradley, Vice President, Sunoco Division.....	1964	3,506	
Jack A. Collins, Vice President, Sunoco Division.....	1969	2,762	
John H. Douma, Senior Vice President, DX Division .....	1967 <sup>(1)</sup>	327	7,425
Robert G. Dunlop, President.....	1944	43,710	
Darwin W. Ferguson, Executive Vice President and Chief Executive Officer of the Sunoco Division.....	1964	5,300	
R. Edwin Foss, Executive Vice President and Chief Executive Officer of the DX Division.....	1958 <sup>(1)</sup>	517	11,781
R. Paul Henry, Senior Vice President, DX Division.....	1958 <sup>(1)</sup>	327	23,236
Donald P. Jones, Vice President.....	1947	10,826	
Chalmer G. Kirkbride, Vice President, Sunoco Division.....	1963	5,819	
Joseph R. Layton, Comptroller.....	1968	1,807	
J. Howard Pew, Chairman of the Board of Directors.....	1906	1,420,724	
Jno. G. Pew, Director.....	1941	84,688	
Walter C. Pew, Director.....	1941 <sup>(2)</sup>	695,257	
L. Gayle Rodgers, Senior Vice President, DX Division.....	1966 <sup>(3)</sup>	327	6,100
Kingsley V. Schroeder, Vice President, Sunoco Division.....	1957	8,495	
Paul E. Taliaferro, Deputy Chairman.....	1936 <sup>(4)</sup>	693	36,866
Joseph T. Wilson, Jr., Secretary-Treasurer.....	1961	5,973	

(1) served from date shown as a Director of Sunray DX Oil Company until the merger when they became Directors of Sun Oil Company.

(2) served from date shown except for 1948 - 1951.

(3) served from date shown as a Director of Sunray DX Oil Company until the merger and was elected Director of Sun Oil Company on December 17, 1968.

(4) served from date shown, except for the years 1937 - 1946, as a Director of Sunray DX Oil Company until the merger when he became Director of Sun Oil Company.



Mr. J. Howard Pew is also co-fiduciary with The Glenmede Trust Company of three trusts or estates holding 1,049,485 shares of Common Stock of which Mr. Walter C. Pew is the beneficiary of 42,397 shares.

Messrs. J. Howard Pew, Walter C. Pew, with The Glenmede Trust Company, are also trustees of a Trust holding 20,319 shares of Common Stock.

Messrs. Walter C. Pew, J. Howard Pew and one other person are also trustees of a Trust holding 379,882 shares of Common Stock.

Mr. Walter C. Pew is also the trustee of a Trust holding 400 shares of Common Stock.

Messrs. J. Howard Pew, Robert G. Dunlop and Jno. G. Pew are members of the Board of Directors of The Glenmede Trust Company.

Mr. Jack A. Collins was elected Director as of January 1, 1969, and named Vice President of Transportation for the Sunoco Division as of the same date. He had been Director of Pine Line Operations of the Company and Director and President of Sun Pipe Line Company, a wholly owned subsidiary, since 1966. Prior to that time, he was Director of Purchases for Sun Oil Company.

Mr. Joseph R. Layton was elected Director and Comptroller on December 17, 1968. He had been an Assistant Comptroller since 1962. Prior to that time, he was Manager of the Refinery Accounting Department.

Mr. L. Gayle Rodgers was elected Director on December 17, 1968. He had been Senior Vice President of Sunray DX Oil Company since 1965 and a Director of that Company since 1966. He has continued in the post of Senior Vice President of the DX Division since the date of the merger.

## REMUNERATION OF DIRECTORS AND OFFICERS

The following information is furnished for the year 1968 for each Director and each of the three highest paid Officers whose direct aggregate remuneration exceeded \$30,000, and for all Directors and Officers of the Company as a group.

Name of Individual and Capacity in which Remuneration was Received	Aggregate Remuneration (1)	Estimated Annual Benefits Upon Retirement (2)
Wilburn T. Askew, Vice President (Sun) .....	\$ 99,009	\$36,203
Charles L. Boyle, Vice President (Sun) <sup>(3)</sup> .....	81,834	26,614
Elmer R. Bradley, Vice President (Sun) .....	88,725	34,290
John H. Douma, Senior Vice President (Sunray) .....	74,006	25,002



Name of Individual and Capacity in which Remuneration was Received	Aggregate Remuneration (1)	Estimated Annual Benefits Upon Retirement (2)
Robert G. Dunlop, President (Sun) .....	\$ 187,003	\$68,640
Darwin W. Ferguson, Executive Vice President (Sun) .....	136,535	54,360
R. Edwin Foss, President (Sunray) .....	114,393	35,494
Thomas S. Horrocks, Vice President (Sun) .....	73,111 <sup>(4)</sup>	36,604
R. Paul Henry, Senior Vice President (Sunray) .....	87,775	30,000
Donald P. Jones, Vice President and Comptroller (Sun) .....	94,840	36,679
Chalmer G. Kirkbride, Vice President (Sun) .....	82,735	20,741
Joseph R. Layton, Assistant Comptroller (Sun) .....	48,274	23,921
L. Gayle Rodgers, Senior Vice President (Sunray) .....	79,169	27,504
Jno. G. Pew, Senior Vice President (Sun) .....	60,776 <sup>(5)</sup>	46,369
Kingsley V. Schroeder, Vice President (Sun) .....	93,527	35,685
Clarence H. Thayer, Senior Vice President (Sun) .....	57,002 <sup>(5)</sup>	42,159
Paul E. Taliaferro, Chairman of Board (Sunray) .....	152,270	33,950
Joseph T. Wilson, Jr., Secretary-Treasurer (Sun) .....	88,435	28,508
All Directors and Officers as a group (31) .....	2,237,482	

(1) The aggregate remuneration stated above includes executive salaries and remuneration from the Executive Compensation Plan, Incentive Plan, Stock Purchase Plan and Employees' Savings Plan.

The Executive Compensation Plan is based on the earnings of the Company for each year and is accrued by the Company as of the end of the year; however, it is distributed to the executives in January of the following year. By resolution of the stockholders of the Company adopted at a meeting held March 11, 1930, as amended, it is provided that in each year there may be set aside by the Directors of the Company a sum not in excess of five per cent (5%) of the amount of net income (before Federal Income Taxes) in excess of seven per cent (7%) of its net assets, to be paid as additional compensation to such employees and executives of the Company as the Board of Directors shall determine have principally contributed to the profitability of the Company. It is discretionary with the Board of Directors whether such excess income shall be set aside and paid as additional compensation. If it is so set aside, the Board of Directors determines the persons to whom such additional compensation is to be paid and the amount to be paid to each such person.

On December 19, 1967, and February 20, 1968, the Board of Directors acted to permit awards made under the Executive Compensation Plan to be paid in Common Stock of the Company, subject to certain restrictions and conditions. With the consent of the Executive



Committee of the Board of Directors, an employee could have elected to have all or a portion of the compensation awarded to him paid in cash or in Common Stock. The first awards of Common Stock under the Executive Compensation Plan were made to twenty-three key executives on January 16, 1968. The total value of the Common Stock awarded was \$299,268.75 representing 4,353 shares of Common Stock at \$68.75 per share, the closing price on the New York Stock Exchange January 15, 1968. Included among the recipients of these awards were twelve directors and/or officers named in the foregoing schedule. The total value of the stock awarded to these individuals was \$205,631.25 representing 2,991 shares of Common Stock.

The Sunray Incentive Plan (which was adopted in 1965) was for the benefit of employees including Directors and Officers of Sunray DX Oil Company. Upon effectiveness of the merger with Sun Oil Company, October 25, 1968, the plan lapsed and all rights existing thereunder for the future receipt of Sunray Common Stock are deemed to be wholly satisfied by the issue of a like number of shares of Cumulative Convertible Preferred Stock of Sun Oil Company reserved for that purpose.

The Stock Purchase Plan is for the benefit of employees including Directors and Officers of Sun Oil Company as it existed prior to the merger of Sunray DX Oil Company into Sun Oil Company. The employee makes regular payments to the Plan up to a maximum of 10% of his base pay and the Company contributes an additional 50% of such payments. The Plan provides that the Philadelphia National Bank act as Trustee and that it be administered by four Administrators to be appointed by the Board of Directors of the Company with the consent of the Trustee. All of the Administrators are current employees of the Company. The funds accumulated are used to purchase the Common Stock of the Company in accordance with the provisions of the Plan. Payments by employees and the Company are made into the Plan during the first year. Each Plan remains in effect for a total of five years, at the end of which time stock is distributed, in whole or in part, to the participants or retained by the Trustee, in accordance with the rules and the Plan.

The Employees' Savings Plan is for the benefit of employees including Directors and Officers of the Sunray DX Oil Company as it existed prior to the merger of Sunray DX Oil Company into Sun Oil Company. An employee with one year's service who has become a participant in the Retirement Income Plan may save up to 5% of his gross pay, or effective July 1, 1967, 6% of his gross pay if the employee has 120 months credited participation, to be invested as the employee directs in U. S. Government Bonds or a diversified investment portfolio. The Company's contributions are equal to 50% of the employee savings and may be invested in the Company's Common or Preferred Stock or in either of the other two kinds of se-



curities in which an employee's contribution may be invested. The Company's contributions vest in an employee:

- (a) on completion of 60 months' credited participation,
- (b) on his death, total permanent disability, mental incompetency or retirement, or
- (c) on discontinuance of the Plan.

(2) The amounts shown are calculated in accordance with the Company's Retirement Plans. The estimates assume that the Retirement Plans will continue in their present form, and that the employees will remain in the employ of the Company and participate in the Plans at their present salaries until their normal retirement dates, and that they do not elect an optional form of income at retirement.

(3) Mr. Charles L. Boyle retired January 1, 1969.

(4) Includes salary and Executive Compensation until retirement January 31, 1968 and accrued Company contribution in Stock Purchase Plan paid immediately following retirement.

(5) Includes accrued Company contributions in Stock Purchase Plan and Executive Compensation paid as of January 1, 1968, immediately following retirement as an employee.

## **STOCK OPTIONS**

In accordance with Article VII of the Joint Agreement and Plan of Merger between Sun Oil Company and Sunray DX Oil Company, the Sunray Stock Option Plans lapsed on October 25, 1968, the effective date of the merger, and all unexercised rights and options existing thereunder for the purchase of 79,592 shares of Common Stock, \$1 par value, of Sunray became exercisable by the purchase of a like number of shares of the Preferred Stock of Sun. The shares of Sun Preferred Stock issued upon the exercise of such rights and options shall be issued in accordance with the provisions of the lapsed Plans and of the stock option agreements granted pursuant thereto.

Each unexercised option shall be exercisable in whole or in part at such time or times during the period of continued employment beginning one year and ending no later than ten years after the date it was granted as determined by the Board of Directors prior to the grant thereof.

The following tables give information as to options exercised since January 1, 1968 (Table 1) and outstanding as of February 28, 1969, (Table 2) for each director and each of the three highest paid officers who were directors and officers of Sunray DX Oil Company prior to the merger.



**TABLE 1**

Optionee	Purchases Under Option Granted	Title of Securities Purchased	No. of Shares Purchased	Option Price Per Share	Market Price Per Share on Purchase Date
John H. Douma . . . .	May 12, 1959	Sunray Common	150	\$25.375	\$47.750
	May 12, 1959	Sun Preferred	150	25.375	56.875
	May 10, 1960	Sunray Common	188	20.875	47.750
	July 22, 1965	Sunray Common	1,200	30.125	47.750
	October 26, 1967	Sun Preferred	1,000	33.750	56.875
R. Edwin Foss . . . . .	May 12, 1959	Sun Preferred	1,000	25.375	56.875
R. Paul Henry . . . . .	May 12, 1959	Sun Preferred	2,500	25.375	56.875
	May 10, 1960	Sun Preferred	1,600	20.875	56.875
	July 26, 1962	Sun Preferred	3,000	23.875	56.875
L. Gayle Rodgers . .	July 22, 1965	Sunray Common	2,000	30.125	42.500
	July 22, 1965	Sun Preferred	1,000	30.125	56.875
	October 26, 1967	Sun Preferred	1,000	33.750	56.875
Paul E. Taliaferro . .	May 12, 1959	Sun Preferred	10,000	25.375	56.875

**TABLE 2**

Name	Expiration Date of Options, Option Price Per Share and Number of Shares					
	5/10/70 @ \$20.875	4/24/72 @ \$26.125	7/26/72 @ \$23.875	7/21/70 @ \$30.125	7/27/71 @ \$28.25	10/26/72 @ \$33.75
John H. Douma . . . .	375			800		4,000
R. Edwin Foss . . . . .		5,000			5,000	
R. Paul Henry . . . . .	400		2,000			
L. Gayle Rodgers . . .				2,000		4,000
Paul E. Taliaferro . .		10,000				

The following tables give information as to options exercised since January 1, 1968 (Table 3) and outstanding as of February 28, 1969 (Table 4) for all directors and officers as a group of Sunray DX Oil Company prior to the merger.

**TABLE 3**

Purchase Price Per Share	Number of Shares					Total
	Jan-Mar 1968	April-June 1968	July-Sept 1968	Oct-Dec 1968	Jan-Feb 1969	
\$25.375 . . . . .			150	13,650		13,800
22.875 . . . . .	1,200					1,200
20.875 . . . . .	1,070	219	378	1,645		3,312
26.125 . . . . .	1,100	100	100	900		2,200
23.875 . . . . .				3,000		3,000
32.250 . . . . .				800		800
30.125 . . . . .	2,000	400	1,600	1,600		5,600
32.125 . . . . .	1,200			600		1,800
31.000 . . . . .				600		600
33.750 . . . . .				2,600		2,600
Price Range of Stock for Period						
High . . . . .	43.125	48.000	51.625	60.875	58.250	
Low . . . . .	37.125	38.250	46.250	44.375	48.500	



**TABLE 4**

<u>Expiration Date of Options</u>	<u>Option Price Per Share</u>	<u>Number of Shares</u>
10/15/69 <sup>(1)</sup>	\$22.875	600
1/27/70 <sup>(2)</sup>	32.250	1,200
5/10/70 <sup>(1)</sup>	20.875	2,928
7/21/70 <sup>(2)</sup>	30.125	4,000
10/27/70 <sup>(2)</sup>	32.125	1,200
4/25/71 <sup>(2)</sup>	31.000	900
7/27/71 <sup>(2)</sup>	28.250	5,000
4/24/72 <sup>(1)</sup>	26.125	16,900
7/26/72 <sup>(1)</sup>	23.875	2,000
10/26/72 <sup>(2)</sup>	33.750	10,400
		<u>45,128</u>

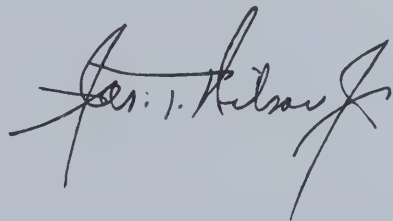
(<sup>1</sup>) Duration of option is 10 years

(<sup>2</sup>) Duration of option is 5 years

### **OTHER MATTERS**

Management does not know of any matters to come before the meeting other than those set forth in the Notice of Annual Meeting of Stockholders. However, if other matters shall properly come before the meeting, it is the intention of the proxy holders to vote upon such matters in accordance with their judgment.

By Order of the Board of Directors

A handwritten signature in dark ink, appearing to read "J. I. Wilson, Jr.", with a stylized, flowing script.

Secretary

Philadelphia, Pennsylvania 19103  
March 24, 1969







# Sun Shareholder Quarterly

VOL. 10, NO. 1 SUN OIL COMPANY 1608 WALNUT STREET PHILADELPHIA, PA. 19103 FEBRUARY, 1970

## Earnings Decline for 1969, Despite Improved Fourth Quarter

### New Caribbean Facility To Produce Fertilizer

Sun has begun work on a \$6 million fertilizer complex on the Caribbean islands of Martinique and Guadeloupe.

The complex is designed to produce 100,000 tons of granulated fertilizer a year upon completion, planned for late 1971.

The facility will be operated by a French corporation created by Sun—Antillaise de Produits Chimiques (SAPROCHIM). The company's activities will be coordinated by Sun's new Corporate Projects Division. Sun will ultimately own at least 80 per cent of SAPROCHIM. The remaining ownership will be in the hands of Martinique and Guadeloupe residents.

The manufacturing plant will be located on Martinique, near Fort de France, while a large warehouse and possibly other facilities will be built on Guadeloupe.

The Martinique facility will include a nitric acid plant, ammonium nitrate plant and granulation plant, in addition to warehouse and packaging facilities.

All raw material for fertilizer production will be imported. Finished fertilizer will be shipped from the Martinique plant to the Guadeloupe warehouse for local distribution. The products will also be marketed in other Caribbean islands for use mainly on sugar cane, banana and pineapple crops.

At first, the complex will employ some 100 people, most of them citizens of the two islands.

At a later date, manufacturing facilities will be added to the plants for production of insecticide, herbicide and other agricultural chemicals slated for local sale.

Chase International Investment Co., a wholly owned subsidiary of Chase Manhattan Bank, New York, has a short-term equity position in the project. Additional capital is being provided by a group of Martinique banks and the French government development bank.



*Sun's planned multi-million dollar fertilizer complex in the Caribbean is its latest major move into that part of the world. The complex will consist of three plants on Martinique, with a warehouse on Guadeloupe. A major manufacturing facility is rising some 350 miles away at Yabucoa, P.R. Sun also has production facilities in Venezuela.*

### Recent Stock Dividend Raises Conversion Ratio

The conversion ratio of Sun preferred stock into Sun common has been increased, due to the company's recent 6 per cent stock dividend on common shares.

The stock dividend, declared Sept. 16 for stockholders of record Oct. 31, increased the ratio from 0.689 of a share to 0.730. Following the Sun-Sunray DX merger, each share of preferred was convertible at 0.65 of a share of common.

Despite an improved fourth quarter, Sun reported a decline in earnings for 1969.

Board Chairman Robert G. Dunlop said earnings for 1969 were \$152,000,000, down from \$164,000,000 in 1968.

Based on the average number of common shares outstanding for the year (28,521,840), earnings, after deduction on preferred dividends, equaled \$3.88 per share, down from \$4.34 (on 28,310,493 shares) in 1968. Assuming conversion of preferred stock, earnings equaled \$3.62 per share in 1969, compared with \$3.93 in 1968.

Revenues for 1969 equaled \$1,850,000,000, compared with \$1,800,000,000, for 1968.

Mr. Dunlop noted that the 1969 earnings were affected adversely by \$19,300,000, which represents Sun's share of the losses sustained by the subsidiary, Great Canadian Oil Sands Limited, and by a \$12,900,000 increase in domestic and foreign federal income taxes. Sun's 1968 earnings were affected by a \$6,700,000 loss experienced by GCOS after it became operational in October of that year.

Fourth quarter earnings, Mr. Dunlop reported, were \$39,000,000 in 1969, compared with \$38,000,000 in 1968. On the average number of common shares outstanding during each quarter, these earnings, after deduction of preferred dividends, were equal to \$1.00 per share in 1969 (on 28,597,523 shares) compared with \$0.98 in 1968 (on 28,359,062 shares). Assuming conversion of preferred stock, earnings were equivalent to \$0.93 per share in 1969 and \$0.91 in 1968.

Fourth quarter earnings were derived from revenues of \$470,000,000 in 1969 and \$430,000,000 in 1968.

#### ANNUAL MEETING SET

The Annual Stockholders' Meeting will be held at 2 p.m., April 21, at Sun Center, Feltonville, Delaware County, Pa.

The agenda includes election of directors and 1969 financial and operating reports.



# Sun Enters 1970s with New Top Officers, Enlarged Board, New Corporate Structure

The "new" Sun Oil Company has entered the 1970s with newly named top officers, a revamped board of directors and a corporate structure geared for success.

In recent action the board:

- Elected former assistant to the president, H. Robert Sharbaugh, a director and president;

- Elected former President Robert G. Dunlop chairman of the board;

- Chose former Board Chairman J. Howard Pew as chairman of the reorganized executive committee, which is empowered to act for the board;

- Expanded board membership from 18 to 19; and,

- Adopted revised bylaws.

Paul E. Taliaferro continues as deputy chairman of the board.

Under the previously announced division of responsibilities in the new corporate organization, Mr. Dunlop continues as chief executive officer and Mr. Sharbaugh becomes chief operating officer.

The revised bylaws reflect the realignment of relationships and responsibilities.

The board elected Robert W. Donahue to its ranks and named him an executive vice president in charge of the Products

Group. Reelected as executive vice presidents were Darwin W. Ferguson, in charge of the Corporate Projects Group, and R. E. Foss, heading the North American Exploration and Production Group (formerly the Raw Materials Group).

Donald P. Jones was elected senior vice president, finance.

Messrs. Donahue, Ferguson, Foss and Jones were also elected to the executive committee, to serve with Messrs. Pew, Dunlop, Taliaferro and Sharbaugh.

The board also formally elected or re-elected 12 vice presidents and seven other officers.

The board also accepted the resignation of Chalmer G. Kirkbride, research and engineering vice president, who retired at year-end.

The newly elected officers assumed their new responsibilities on Jan. 1. The effective date for establishing the new corporate organization throughout the company was Feb. 1.

## Sun Spots

... Sixty-six DX service stations in the metropolitan Oklahoma City, Okla., area are pumping gasoline from **Custom Blending pumps**, which have proved a success in Sunoco's marketing territory. The stations are participating in a test to determine acceptance by motorists in the DX marketing area.

♦ ♦ ♦

... Board Chairman Robert G. Dunlop was recently elected **Executive of the Year** by the American College of Hospital Administrators. Mr. Dunlop is vice president of Hahnemann Medical College and Hospital, Philadelphia.

♦ ♦ ♦

... Sun's new multi-well platform offshore from Plaquemines Parish, La., marks the first time the company has **combined production with drilling** from the same platform. Production facilities on the platform are able to produce 18 dual completion wells and process 7,000 barrels a day of crude oil.

## GCOS Ends First Full Year With \$25.5 Million Loss

Great Canadian Oil Sands Limited reported a 1969 loss of \$25,546,000 (Canadian) on revenues of \$28,472,000.

During the fourth quarter losses totaled \$5,397,000 on revenues of \$7,533,000. Losses in the last quarter of 1968 were \$8,667,000 on revenues of \$6,370,000. No full year comparison is possible, since the company's facilities near Fort McMurray, Alta., were in a pre-production and start-up stage during the first nine months of 1968.

Production of synthetic crude during 1969 reached almost 10 million barrels.

Equipment problems returned to hinder production at the GCOS facility during the last quarter of 1969. Problems were centered largely in the unfining and coking sections of the process area, causing sporadic shutdowns.

Output for the last three months totaled some 2,600,000 barrels. For the full year, the company produced almost 10,000,000 barrels, about double that of 1968.



Harbor dredging and construction work continue at Sun's major refining complex at Yabucoa, on the southeast coast of Puerto Rico. Storage facilities are being built immediately onshore, while the crude refining unit and lube oil manufacturing plants begin to take shape further inland. Town of Yabucoa is in the far background. A subsidiary, Yabucoa Sun Oil Company, has been formed to operate the facility, which is slated to begin operation in early 1972.





*"Jacket" for Sun's new drilling platform, "Hillhouse", slides into place in the Santa Barbara Channel, off the coast of southern California.*

## 'Fail-Safe' Features Mark Sun Platform Rising Off Santa Barbara

One of the world's safest, most modern offshore drilling platforms is nearing completion in the Santa Barbara Channel off California, where Sun is developing Tract 401.

The platform, named "Hillhouse", will have the capacity to drill 60 wells and will incorporate the latest anti-pollution safety

features when completed early this year.

The platform is being constructed on a 1,500-ton "jacket", which was installed on the site late in November.

Platform Hillhouse was designed specifically for the wind, wave and earthquake conditions at the drilling site.

The platform contains a wide range of

devices aimed at detecting or eliminating immediately any potential pollution or safety hazards.

All safety equipment is "fail-safe", meaning that the operating mechanisms will fail shut, rather than open. Any alarm or shut-in action will actuate audio and visual signals to alert operators to take immediate action.

In the unlikely event of an oil spill, a containment boom and skimming pumps, along with chemical dispersants, will be kept on the platform.

Sun's application to install the platform in the channel was approved by the U.S. Army Corps of Engineers. All development in the channel was banned by the Department of the Interior for a period last year, following an accidental oil leak last January.

Late in the summer, however, Sun was given permission to resume development, after the federal government decided that by depleting the reserves of petroleum beneath the channel, the hazards of possible natural or man-made pollution could be minimized.

## Sun One of Few Firms to 'Raise' Dividends Each Year

A study by Standard and Poor's Corp. indicates that Sun is one of only a handful of listed companies to have "increased" per share dividends each year for the past 19 years.

Actually, the rate of Sun's quarterly dividend has remained the same since its common was first listed on the New York Stock Exchange in 1926—25 cents per share.

But, during this period, Sun has also issued 38 stock dividends ranging from

3 per cent to 10 per cent, and the stock has been split three times (six for five, five for four, and four for three).

It is this stock dividend policy which has consistently increased the outstanding shares without a comparable decrease in the per share rate and, therefore, accounts for the Standard and Poor's findings.

The study was commissioned by Ametek of Paoli, Pa., which is also identified in the study. The others which have increased per share dividends each year during the period are Grand Union Company, International Business Machines Corp., Stop & Shop, Inc., and Winn-Dixie Stores, Inc.

### DIVIDENDS DECLARED

Sun's Board of Directors, on Jan. 20, declared cash dividends of 25 cents per share on common stock and 56.25 cents on the \$2.25 cumulative convertible preferred stock.

The common dividend, Sun's 267th, is payable March 10, while the cumulative convertible preferred dividend, Sun's 6th, is payable March 20. Both are payable to shareholders of record of Feb. 10, 1970.

## Penske Team to Race Sunoco-Sponsored Javelins in '70

Sunoco will sponsor a team of American Motors Corporation Javelins in this year's Trans-Am auto racing series.

The Sunoco Javelins will be raced by Roger Penske Racing Enterprises and driver Mark Donohue, following the signing of a three-year contract between Penske and AMC to develop, field and race Jave-

lins in the series.

Last year the Penske team raced Sunoco Camaros to their second Trans-Am championship in a row.

In addition, Penske plans to return to Indianapolis for the 1970 "500", with Donohue, who was named Rookie of the Year at the 1969 classic.

**What impact will the tax  
and import questions have?**

**How will Sun fare in  
the coming year?**

**What is the outlook for  
petroleum in 1970?**

## **Sun Shareholder Quarterly**

**SUN OIL COMPANY  
1608 WALNUT STREET  
PHILADELPHIA, PA. 19103**

**JOHN P. LEECH**  
*Secretary*

**JAMES H. MORAN**  
*Editor*

### **IN THIS ISSUE:**

- Earnings Decline  
For Year
- 1970 Spending  
Reduced
- Caribbean Fertilizer  
Complex Begun



## To the Stockholders and Employees of Sun Oil Company:

### Worldwide Operations

SUN OIL COMPANY AND SUBSIDIARIES

Financial	1969	1968
Revenues .....	\$1,858,839,000	\$1,801,211,000
Net Income .....	\$ 152,260,000	\$ 164,430,000
Per Share After Preferred Cash Dividends .....	\$3.88	\$4.34
Per Share Assuming Conversion of Preferred .....	\$3.62	\$3.93
Dividends		
Cash On Preferred \$	41,602,000	\$ 9,490,000
Cash on Common \$	26,926,000	\$ 45,986,000
Stock on Common	6%	6%
Capital Expenditures and Intangible Development Costs .....	\$ 302,435,000	\$ 323,494,000
Total Assets .....	\$2,528,211,000	\$2,362,603,000

### Operating

Net Crude		
Production (b/d)		
U.S. and Canada.	219,626	215,690
Other .....	133,519	113,380
Net Wells Completed	381	434
Synthetic Crude—		
Net Produced for Shipment (b/d) ..	27,336	23,685*
Natural Gas Sales (mil. cu. ft./d) ...	1,631	1,505
Crude Oil Refined (b/d)		
By Sun Refineries	470,448	465,263
For Sun's Account	22,241	22,039
Refined Product Sales (b/d) .....	550,948	523,964

\*92 days—plant became commercially  
operational October 1, 1968.

YOUR COMPANY has emerged from a year of transition with a new organizational structure, strengthened planning and streamlined control processes. Within the ranks of executives selected to manage the Company, there is a widely shared zest for the future.

The past year was one of study. The year 1970 is one of action, as we bring into play the full implementation of merger plans uniting the resources of the former Sunray DX and Sun organizations.

Although hundreds of managers and staff specialists were deeply involved in the intensive studies aimed at making the most of merger benefits, 1969 also was one of operational achievement. We are pleased by this demonstration of the depth of our organization and its ability to perform.

During 1969, volume records were set in oil and gas production, refinery runs and refined products sales.

Late in January, we reported that the 1969 earnings of your Company had declined by 7.4 per cent to \$152 million. The reason is readily pinpointed. The increase in U.S. and foreign income taxes alone exceeded the decline in earnings. But in addition, our 81.7 per cent share of losses suffered by Great Canadian Oil Sands Limited amounted to \$19.3 million.

The Athabasca operation continues to pose problems, largely mechanical. However, plant modifications in 1969 contributed to a substantial increase in synthetic crude oil production.

During 1969, we began building our new refinery and lube oil facility in Puerto Rico, broke ground for a fertilizer complex on the

islands of Martinique and Guadeloupe, and set a 60-well platform in place off the California coast and an 18-well platform off the Louisiana coast to begin development drilling of these new fields. Also, we accepted delivery of a new tanker for our fleet; opened 295 new service stations and brought on stream a gas plant in Louisiana. With partners, we successfully bid on an additional 48,640 acres on the North Slope of Alaska.

Like other petroleum companies, we paid increasing attention in 1969 to the natural environment. Historically, Sun has always adhered to sound business and moral concepts dictating that we remain good neighbors in the communities in which we operate. Beyond this, we are deeply involved in environmental research.

Your Company expects to share fully in the volume growth of the industry in 1970. But, this is expected to register smaller gains as the U.S. economy generally goes through a cooling trend.

Further, there are many unknown factors which heighten the uncertainty of forecasting. For instance, many decisions which must be made on the location and nature of our investments hinge on future governmental action.

Due mainly to higher taxes and uncertainties about the outcome of the oil imports issue, we decided early in 1970 that it was prudent to reduce our planned expenditures for modernization, expansion and exploration from some \$320 million to about \$250 million.

We have forecast an increase of more than \$20 million in Sun's 1970 federal tax payments as a result of changes written into the Tax Reform Act of 1969. The estimated increase for the industry as a whole is \$500 million, and this

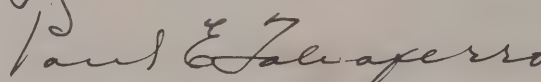
and other higher costs may necessitate product price adjustments.

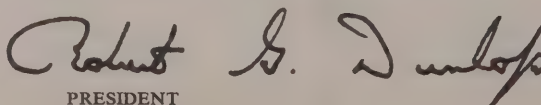
Realistically speaking, Sun enters the decade of the 1970s in a very solid operating position. Both in North America and abroad we have new production coming on stream. In refining, heavy capital investments in recent years give us modernized and flexible facilities. Beyond this, we have continually streamlined and upgraded our marketing facilities and have enjoyed a significant sales rise in the premium grade gasoline blends.

We firmly believe that your Company will benefit substantially through the implementation of the merger. We expect costs to be reduced and earnings growth to exceed that which could have been expected for the companies individually. The merger gave birth to a new Sun Oil Company, with new opportunities to meet new financial and operational goals.

We, as officers of Sun during 1969, extend a warm word of thanks to all of you, our stockholders, employees, customers, dealers and distributors, for your continuing cooperation and support of our common effort.

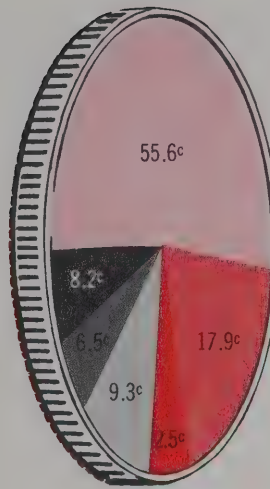
  
 CHAIRMAN, BOARD OF DIRECTORS

  
 DEPUTY CHAIRMAN, BOARD OF DIRECTORS

  
 PRESIDENT



## Revenues Show Gain, Net Income Declines



Distribution of Sun's  
1969 Revenue Dollar

Materials, Supplies, Services	55.6¢
Wages, Benefits	17.9¢
Intangible Development Costs	2.5¢
Direct Taxes	9.3¢
Depreciation, Retirements	6.5¢
Net Income	8.2¢

**R**EVENUES OF SUN OIL COMPANY and subsidiaries rose in 1969 to \$1,858,839,000 from \$1,801,211,000 in 1968.

Net income declined 7.4 per cent from \$164,430,000 to \$152,260,000. Assuming conversion of all preferred shares, net earnings equaled \$3.62 per common share, compared with \$3.93 per share in 1968, based on the average number of common shares outstanding during each year, adjusted for stock dividends.

An increase of \$12,900,000 in foreign and domestic federal income taxes, plus Sun's \$19,300,000 share of the loss sustained by Great Canadian Oil Sands Limited, more than offset pre-tax gains posted by the parent company and Sun Shipbuilding & Dry Dock Company, Sun Oil Company Limited, Iranian Sun Oil Company and Venezuelan Sun Oil Company.

**Cash dividends paid quarterly** on preferred stock totaled \$41,602,000 at the annual rate of \$2.25 per share. Quarterly dividends of 25 cents per share on common stock totaled \$26,926,000.

In addition to cash dividends, a 6 per cent common stock dividend resulted in the distribution in December of 1,633,003 shares to common stockholders.

Total costs and expenses increased by almost \$70,000,000. Reflected in this amount were the higher prices paid for crude oil and increases in other operating, selling, general and administrative costs. In addition, taxes paid or accrued, including income taxes, rose some \$17,500,000, or more than 11 per cent over those paid or accrued in 1968.

The Company maintained a favorable current ratio of almost two to one at year end with

current assets of \$631,940,000 and current liabilities of \$337,509,000.

Capital expenditures during the year included some \$255,100,000 for new and modernized facilities and equipment. In addition, \$47,304,000 was spent on drilling to develop new reserves of oil and gas. Comparable expenditures during the year 1970 should total approximately \$250,000,000.

The value of crude oil and refined products inventories declined slightly. Continued attention will be directed toward maintaining minimum inventory levels consistent with market demand.

**Cash and Short Term Investments** together increased some \$12,000,000. Accounts and notes receivable rose more than \$36,200,000 to \$321,936,000 at year-end.

New and modernized facilities and equipment during 1969 brought the gross value of property, plant and equipment on the Company's books to more than \$2.8 billion.

Current liabilities increased some \$42,200,000, principally due to Notes and Bonds Payable. Long term debt dropped again to slightly less than \$403,000,000.

A \$50,367,000 increase in deferred income taxes resulted in a net rise in deferred credits of \$31,100,000. Much of this increase in deferred income taxes reflects the increased use in 1969 of accelerated depreciation for tax purposes.

Sun enters the new decade in a strong financial position, one which should enable the Company to achieve maximum growth and to operate to the best advantage within the framework of the economic environment.

## Production Reaches New High, North Slope Acreage Increased

SUN PRODUCED raw materials and developed reserves at a record level in 1969. At the same time, it took steps to achieve even greater exploration and development success.

New production from foreign fields, combined with moderate increases domestically, brought about record crude oil and liquids production and helped increase gas production.

Domestic and foreign crude and liquids reserves increased during 1969. Sun, however, experienced a slight reduction in combined U.S. and Canadian natural gas reserves during the year.

Sun's crude production rose 7 per cent to more than 353,000 barrels a day. This together with synthetic crude equaled 81 per cent of Sun's refinery runs.

During the year, Sun began shifting its exploration efforts to high potential, high risk areas, such as Alaska, and the Arctic Islands and Northwest Territories of Canada. The Company successfully bid with others for interests in 19 tracts on Alaska's North Slope, for a net to Sun of more than 13,000 acres.

**Prospects for increased production** were enhanced late in 1969 with the placing of multi-well drilling platforms in the Santa Barbara Channel, off California, and the Main Pass area, off Louisiana.

Although the number of Sun wells drilled in 1969 declined, the wells went deeper and achieved greater success. For example, Sun owns 31.25 per cent of the No. 1 Green in western Oklahoma, which became the second deepest gas producer in the world at 21,604 to 22,652 feet.

Domestic successes were highlighted by drilling

activity in the "Muddy Play" area of eastern Wyoming. Elsewhere, Sun discovered gas condensate in southern Louisiana and participated in gas discoveries in the Delaware Basin area of west Texas and New Mexico.

The Company carried out important development drilling in a number of areas. These included offshore areas of the Louisiana and Texas coasts; Fordoche in southern Louisiana; Grady County, Oklahoma; Upper Valley Field in Utah; and Columbus Three Field in Michigan. In the Virgo area of northwestern Alberta, Sun participated in 19 oil wells and one gas well.

The ALAMOS Group, with Sun as operator, signed a contract to sell gas from a new field in the High Island area, off Texas. This was the first gas sale from offshore Texas tracts awarded in the 1968 federal lease sale.

**Sun's foreign activity** proceeded at a busy pace in 1969. Continued drilling in Venezuela's Lake Maracaibo resulted in ten successful oil wells.

Two gas injection wells also were drilled. Sun's share of production in Maracaibo averaged 118,197 barrels a day.

In the first full year of production from the Sassan Field off Iran, Iranian Sun took an average 27,600 barrels a day which included its 12.5 per cent share of production.

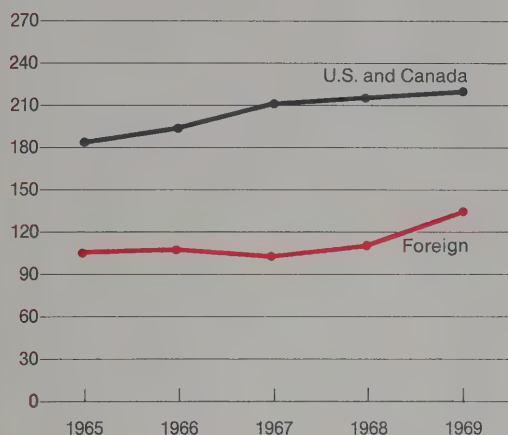
In the Fateh Field of Dubai, offshore in the Persian Gulf, five development wells were drilled from the first of four planned production platforms. Dubai Sun will begin shipping in 1970.

North Sea Sun and associates began producing Hewett Field gas in mid-year and found gas in two of four wells in other British North Sea areas. Sun has a 10.7 per cent interest in the



## Net Production of Crude Oil and Condensate

300—Thousands of Barrels per day



Hewett Field, which averaged 150 million cubic feet daily at year-end.

Noordzee Sun drilled an unsuccessful offshore test in the Dutch waters of the North Sea, as did Argentine Sun in the Atlantic, off Argentina.

The Company has 25 per cent interest in two gas wells completed in the Gulf of Papua, off New Guinea. Operations there have been suspended pending evaluation. Sun also participated in dry tests in the Lower Magdalena Valley of Colombia, in Brunei, and in Nigeria.

Sun will be operator for three companies planning to begin drilling off Mozambique in 1970 and will participate in two exploratory tests, off the Guajira Peninsula of northern Colombia.

**The Fordoche Gas Plant** in Louisiana was placed in operation late in the year. It is designed to extract 200,000 gallons of LPG products a day. Sun improved a number of other gas plants during the year.

In Venezuela, a gas utilization plant in Lake Maracaibo neared completion by year-end. It is designed to recover 571,000 gallons of natural gas liquids daily. Meanwhile, onshore, a fractionating plant neared completion. Also, in Venezuela, a liquid extraction plant was testing on one of the three blocks in which Sun gained participation through the Sunray merger.

Cordero Mining Company continued its widespread search for metals, including uranium, and steam in western United States and Canada.

Sperry-Sun Well Surveying Company introduced several new types of equipment during the year, doubled its foreign business and increased earnings.

## GCOS Production Improves

**M**ANY OPERATING PROBLEMS of Great Canadian Oil Sands Limited's Athabasca tar sands plant were resolved in 1969 and higher production levels were achieved. **Production of synthetic crude for shipment totaled 9,978,000 barrels, or 27,336 barrels per day. Sulfur output was 49,000 tons.**

However, the facility operated at a financial loss due to sporadic production at less than capacity, a sharp drop in world sulfur prices and an increase in wages, salaries and benefits.

During the first quarter, operations were hampered by extreme weather conditions. A three-week planned shutdown for maintenance was taken during the second quarter. Throughout July and the first three weeks of August, the plant operated at its authorized capacity of 45,000 barrels a day. Production was then interrupted by a strike the last week of August. Upon startup following settlement of the strike, operations were interrupted by mechanical problems, restricting production during the fourth quarter.

**Substantial improvements** were undertaken in the mining and processing areas. Construction began on duplicate conveyor facilities which will improve mining flexibility during winter months. Power plant boiler problems were largely solved, but further modifications were planned to achieve continuous operation at design capacity.

**During 1969, all areas of the plant were shown capable of operating at design capacity. This year, the goal is to achieve sustained operation and improved results.**

## Refinery Efficiency Improves, Pollution Control Stressed

THROUGHOUT Manufacturing, 1969 was a year of preparation for things to come. Prime concerns were to increase operating capability while meeting the Company's responsibilities to its employees and the environment.

Capital expenditures and continuing studies were aimed at further improvement of pollution control at refineries. At Marcus Hook, Pa., the Company's plan for cleaning waste water was accepted by the Delaware River Basin Commission and the refinery began putting it into practice. Sun also acted as a member of the Oil Control Coordination Committee to provide assistance to other companies in controlling marine oil spills.

The Toledo refinery began construction on several projects aimed at air and water conservation. Included was a unit for removal of sulfur compounds from water, and further improvement of the waste water treatment system which has received national acclaim from conservation agencies. Additional projects were undertaken at the Sarnia, Ont.; Duncan, Okla.; and Corpus Christi refineries to improve the quality of waste water and gases.

As a result of merger studies, a number of profit improvement steps were taken at Sun refineries. New catalysts played an important role in improving processes for gasoline production at Sarnia, Marcus Hook, Toledo, Tulsa and Duncan.

Other projects completed during the year included two petrochemical units at Corpus for production of pseudocumene and polymethyl benzenes. Both are components used in manufacturing plastics.

Sun sold its one-half interest in Standard Naphthalene Products Company, Inc., of Kearny, N.J., last August, but will continue to supply that firm with naphthalene.

**Construction is underway** on a \$6 million fertilizer complex on the Caribbean islands of Martinique and Guadeloupe. Completion of the complex, which will produce 100,000 tons of granulated fertilizer a year, is scheduled for the end of 1971. Sun ultimately will own about 80 per cent of the complex.

At Yabucoa, Puerto Rico, the core crude unit of Sun's new \$110-to-\$125 million refinery is expected to be in operation in 1971. The lubricating oil facility is scheduled to be on stream in 1972. Through on-the-job training, local residents are learning welding, carpentry, surveying, ironwork and other useful skills.

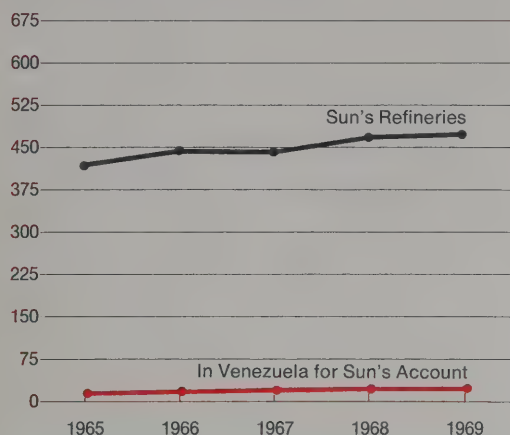
Sun also was active at upgrading employee skills on the domestic scene. Refinery employees were given additional training to keep current with developments in technology. Hiring and training of selected unemployed continued through participation in the JOBS program of the National Alliance of Businessmen.

Throughout the full scope of Manufacturing operations, Sun is relying more on computer technology to upgrade product quality and reduce costs. A computer model in Philadelphia covers Sun's five U.S. refineries and takes into account available transportation facilities and marketing needs. It further assists in deciding how to run each refinery to get the proper product to the right place, at the right time and at the lowest cost.



## Crude Oil Refined

750—Thousands of Barrels per day



On stream at Marcus Hook is a direct digital computer with the latest in operating technology to run five gasoline and petrochemical units. Toledo is currently adapting a computer to collect plant data and transmit it back to the plant for operator guidance. Eventually, all Toledo plant units will be connected to this computer.

At SunOlin Chemical Company, the year saw new facilities reach completion, and demand for products continue to increase. Expanded carbon monoxide capacity was placed on stream, and expanded hydrogen production facilities are scheduled to go into operation late in 1970. Sales in 1969 were equal to the previous year, with high demand for ethylene and ethylene oxide requiring that these plants be operated at maximum capacity.

## Sun Ship Has Bright Outlook

Sun Shipbuilding & Dry Dock Company sees several favorable years ahead for the shipbuilding industry. During 1969, Sun Ship handled conversion of the *S.S. Manhattan* into an icebreaker for its historic voyage through the Northwest Passage. Further, the yard completed two container ships for U.S. Lines, and one 80,000 deadweight-ton tanker, the *S.S. America Sun*, for Sun Oil Company. Under contract are three other 80,000 dwt ton tankers, a 126,000 dwt ton tanker, one roll-on/roll-off vessel and two more container ships. Of the eight commercial new ship contracts awarded to private shipyards in 1969, three went to Sun Ship.

## New Tanker in Service, Transport Systems Grow

**H**IGHLIGHT of the Transportation Department's 1969 activities was the launching, November 22, of a new tanker, the *S.S. America Sun*. The 80,000 deadweight-ton vessel went into service shortly thereafter transporting crude oil from the Gulf Coast to the Marcus Hook, Pa., refinery. In addition to the latest in navigation and operating equipment, the ship has a remote control cargo handling system.

Additional upgrading and expansion of the Marine fleet included arrangements for the acquisition of a 65,000 dwt tanker to serve the new refinery in Puerto Rico.

In its continuing program to increase efficiency and reduce costs, the Product Lines Department of Sun Pipe Line Company installed automatic equipment in three pumping stations, bringing to 13 the number of remote control stations.

**The Crude Lines Department** of Sun Pipe Line and the Suntime system of DX began preparing in 1969 to link physically, thus providing for oil movements between the two. In other action, the department installed facilities to deliver oil into the Ship Shoal line near Chacahoula, La.—thus eliminating barging; improved facilities at Sun Station, Tex., for handling the *America Sun*, and installed microwave and control equipment at pipeline stations in Texas.

For executive business travel, the Aviation Department acquired a Lockheed Jetstar, the Company's first all-jet airplane. An indication of the increased pace of Sun's operations resulting from merger activities is the 36 per cent increase in actual miles flown, and a 46 per cent increase in passenger miles over 1968.

## Marketing Places Emphasis On Expanding Interstate Outlets

**M**ARKETING began implementing the merger in 1969 by converting DX service stations, jobbers and agents to the Sunoco brand in the "overlap" states of Michigan, Illinois, Indiana and Kentucky. Sales in the more than 1,000 converted stations have increased significantly.

Aiming toward an ever-expanding network of Interstate highway stations, Sunoco continues to open new Interstate outlets at an average of one every three working days. Since the volume of gasoline sold at these Interstate locations is substantially higher than at comparable stations elsewhere, more than half of Sunoco's budget for new stations in the last three years has been allocated for Interstate outlets. Sunoco and DX Interstate stations now total almost 700.

Contributing to a sharp increase in Interstate sales volume, is Sunoco's hostess program. Chic, uniformed young ladies, driving blue sedans tour Interstate stations and advise dealers how to improve service and make stations more attractive. The average Sunoco Interstate dealer has boosted monthly gallonage almost 10 per cent since the program began last May.

**DX TravelMart stations** continue to gain wide acceptance along the midwestern Interstate system. These stations, offering snack bars plus a variety of merchandise useful to a motoring family, enjoyed unit gasoline sales increases of about 22 per cent during 1969. Six new TravelMarts were opened during the year, bringing the total to 63.

Continuing its ongoing program of building new outlets and modernizing existing stations to increase sales, the Company built 230 new Sunoco stations and 65 new DX stations.

The Sunoco brand significantly expanded in the Carolinas during 1969, with new stations opening both in the cities and along the Interstates. The year also saw Sunoco brand entry into eastern Tennessee with the conversion of a distributing company in Kingsport and the acquisition of a group of service stations.

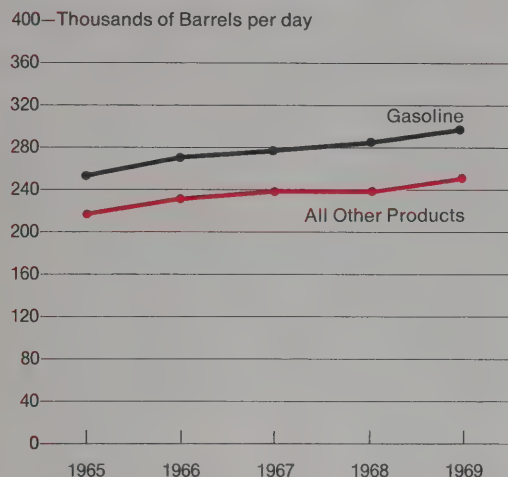
DX brand tire, battery and accessory sales registered a gain of approximately 12 per cent in 1969, while Sunoco brand TBA sales climbed to a new high for the sixth successive year. An important product introduced in the Sunoco sales area was Diamond Motor Oil, a low-cost, non-detergent lubricant designed to replace Mercury Motor Oil which is being phased out.

**Sun Oil Company Limited**, of Canada, posted substantially improved profits, mainly from refining and marketing operations in eastern Canada. The gain was due to increased sales plus higher unit profits on gasoline and heating oil.

Sales of industrial products in the U.S. reached record levels for the third straight year. Sun's three European subsidiaries and their extensive distributor network also substantially increased sales of industrial products in Western Europe. Refrigeration and rubber process oils provided the main impetus for the sharp advance. Primary contributors to the increase in the U.S. were process and hydraulic oils and a highly dispersant railroad diesel engine lubricating oil. The Customatic Wax Coater, a machine developed by Sun for in-plant waterproofing of corrugated containers, became a commercial success this year, raising low melt paraffinic wax sales to their highest levels since 1961 and opening a substantial new market.



## Refined Product Sales



Sunoco continued its penetration of the off-the-highway fleet market, with sales of motor oils and other fleet lubricants rising during the year. Several new fleet products were also introduced, including a low ash oil for gasoline and diesel engines, plus improved fluids for heavy duty truck and bus transmissions.

Red Barn Chemicals, Inc. placed in full swing its concept of commission-operated retail outlets. By the end of the year, 61 of 76 full-line retail outlets had become commissioned agencies. Also, swamp buggies were put into use for high speed fertilization. With these all-terrain vehicles, up to 60 acres can be fertilized in an hour.

Sun's racing program continued to be highly successful. Mark Donohue, driving a Sunoco Camaro, won the Trans-American sedan series for the second consecutive year. In an entirely different kind of race, Donohue, driving a Sunoco Lola, won the 24-hour Daytona Endurance Race. He followed this with a creditable showing for Sun in the most prestigious race of them all, the Indianapolis 500. Though plagued by mechanical troubles, Donohue finished seventh and won "Rookie of the Year" honors.

Sunoco introduced a new series of television commercials in 1969, designed to emphasize that Sunoco 260 is the highest octane gasoline available to motorists. By virtue of Sunoco's sponsorship of seven baseball teams, including the World Champion New York Mets, these commercials were seen by millions every week. Sun continued to sponsor NCAA college football and NFL pro football with new television commercials which gave emphasis to the winter theme of "Dry Sunoco Gasoline."

## Research Studies Methods To Cut Exhaust Emissions

DEVELOPING new products and processes and new methods of finding crude oil were continuing efforts of the Research and Engineering Department and Production Research Department in 1969.

Consistent with Sun's commitment to protect the environment, both fuels and engines were studied to find ways to reduce emissions. One result of this work was Sun's development of an experimental exhaust control system which showed promising results on regular, production-line cars. Fuel composition was also reviewed in terms of possible future constraints in the design of both fuels and engines. Improvements were made in agricultural spray oils to reduce amounts of toxic chemicals needed to control insects and weeds.

To ensure future supplies of petroleum, studies concentrated on possible alternative sources for crude oil such as coal or shale.

Development continued on the unique lube oil process which will enable the new Puerto Rico refinery to produce quality lubes.

**Production Research and Development** focused its geological research efforts on field investigation of remote areas of North America and the Arctic. The major seismic effort was directed toward developing techniques for obtaining data from ice-covered areas.

Sun participated in studies of explosive-assisted drilling and continued experiments in the use of heat to stimulate the underground flow of oil. Mining geophysics and oceanography played an important role in research, as did studies to define minimum field sizes in remote areas.

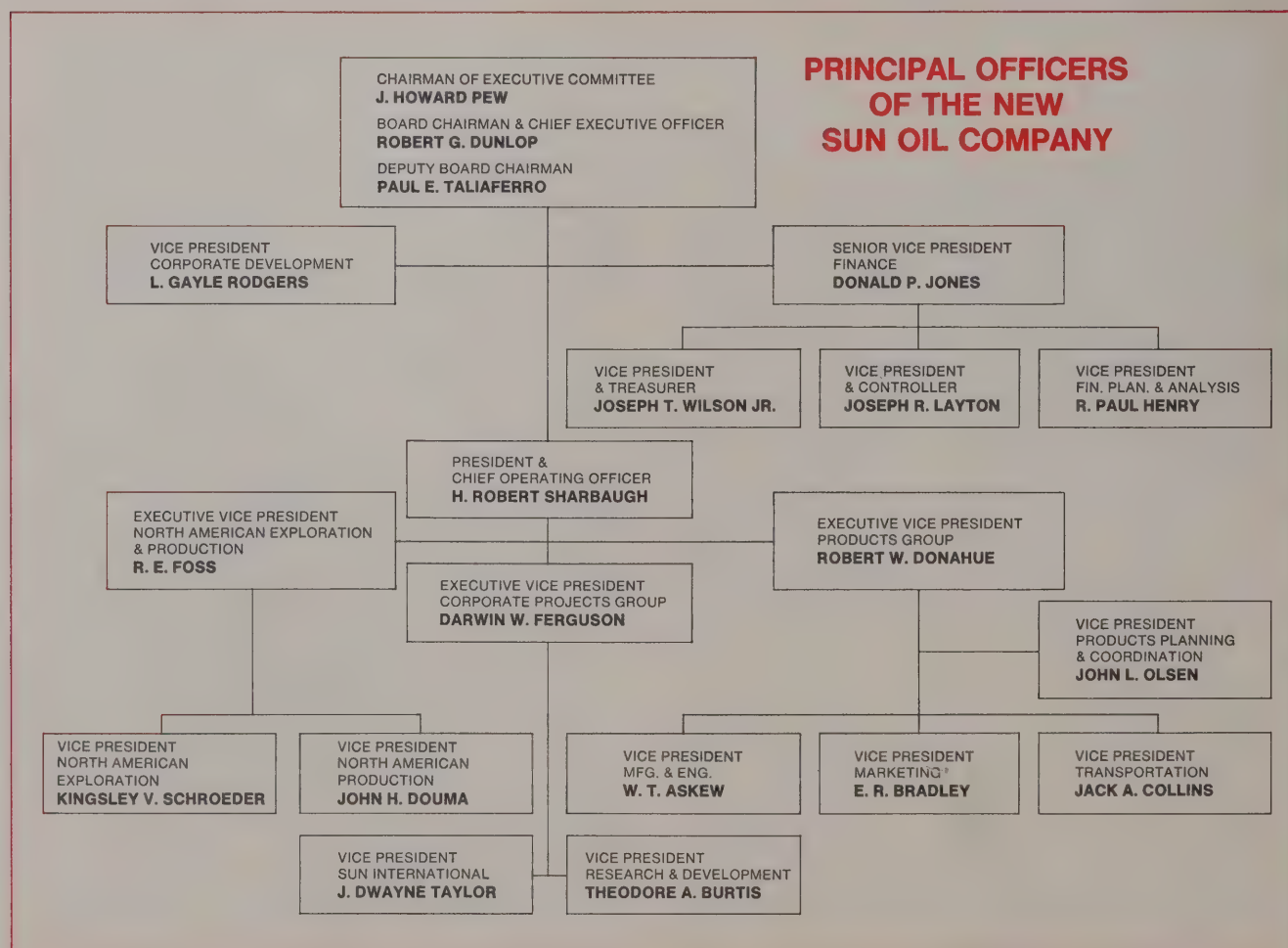
## Sun's New Organization Meets Challenge of 70s

**S**UN OIL ENTERS the decade of the 1970s with a new management team, moving at a lively tempo.

During 1969, the Company completed extensive merger studies and began staffing a new form of organization. By year-end, Sun had moved to the threshold of the most challenging and promising

period in its long history. That threshold was crossed on February 1, 1970, when the new structure was officially placed in effect and the organizational lines separating the former Sunoco and DX divisions were erased.

The new Sun is being built around a plan geared to growth and the effective management







New Chairman Dunlop (left) and new President Sharbaugh.

of change. Its goal is to improve significantly Sun's financial and operating performance.

**Design of the Organization.** The design of the new corporate structure was guided by four inter-related concepts: (1) Dividing responsibility at the top between a chief executive officer and a chief operating officer; (2) Decentralizing the organization; (3) Establishing a strong chain of command throughout the organization; and (4) Outlining explicit methods for planning and controlling the Company's direction.

As a result of the first concept, top management responsibilities are divided between the chairman of the board, who is chief executive officer, and the president, who is chief operating officer. In December, the board elected Robert G. Dunlop, former president, as chairman and H. Robert Sharbaugh, former assistant to the president, as president.

At the same time, J. Howard Pew, former board chairman, was elected chairman of a reorganized, eight-man executive committee, which is empowered to act for the board between meetings.

Mr. Sharbaugh directs a new operating structure which reflects a strong degree of decentralization. It is built around three major groups: North American Exploration and Production, Products and Corporate Projects.

The Exploration and Production Group and the Products Group are designed to operate as separate profit centers. Since each draws together closely related functions, each is, in effect, a "business" in its own right.

Thus, the North American Exploration and Production Group is in charge of finding and

producing oil and natural gas in its geographical area and for related research and subsidiary company operations. The Products Group, in turn, encompasses the major functions of transportation, manufacturing and engineering, marketing and petrochemical sales and development.

The Corporate Projects Group is different in design and direction. Its design has two major objectives: Separating new and developing projects from established operations of the other two groups; and, embracing selected activities that can be most effectively managed apart from the two other groups. Thus, it currently includes Great Canadian Oil Sands Limited, Puerto Rico Sun Oil Company and Red Barn Chemicals, Inc.

Established operations placed in the Corporate Projects Group include research related to products and processes, and the full sweep of Sun's international operations.

**Support from Staff Groups.** Eight major staff groups support the new corporate structure. Four of them—Finance, Corporate Development, Public Relations and General Counsel—report to the chief executive officer. The others—Human Resources, Materials Management, Systems and Computers, and Administrative Services—report to the chief operating officer.

The new organization embodies a strong line of command, with increased delegation of responsibility and authority to line managers. This achieves the three major management functions of planning, execution and control.

New management processes for planning, budgeting and related activities have been provided to achieve a common approach to

S.S. AMERICA SUN, newest addition to the Company's tanker fleet, was built at Sun Shipbuilding & Dry Dock Company, a subsidiary in Chester, Pa.

directing the business. And a new management information system has been established to supply managers with data for making informed decisions without the burden of unnecessary detail.

**Benefits of New Structure.** Sun anticipates that the philosophy and design of the new corporate structure will return substantial benefits.

First, the grouping of related activities in profit centers should produce greater coordination and stronger emphasis on activities of primary importance. For instance, creation of a Products Planning and Coordinating unit in the Products Group will allow the blending of transportation, manufacturing and marketing operations to an unprecedented degree. Also, a separate Exploration Division in the Exploration and Production Group will give greater thrust to finding petroleum, an operation vital to the growth and success of the Company.

Second, by grouping new ventures under Corporate Projects, Sun will be better able to concentrate the innovative talents and skills needed to carry new activities from conception to the point where they become an ongoing profitable part of the business. This should enable the Company to move easily and effectively into new business activities.

Third, the strong chain of command and high degree of delegation of responsibility and authority should lead to the development of a stronger management team.

Fourth, the new long-range planning process and other management tools will focus more attention on the direction and strategy of Sun's growth. Targeted for continuing scrutiny will be

developments such as changing supply-demand patterns stemming from the discovery of North Slope oil; the changing competitive environment; challenging opportunities in chemicals and new raw materials sources; and research into fuels and engines.

Finally, Sun anticipates more effective top-level guidance and control from the division of responsibility between a chief executive officer and a chief operating officer. Giving the president the responsibility for day-to-day operations will enable the board chairman to concentrate on long-range strategies, policy making and external affairs.

**Developing Human Resources.** Recognizing that organizations do not solve problems but only provide a framework for people to solve them, Sun has moved to assure the continuing development of talent to run the new Company. Its new human resources policy has two objectives: Using the skills of Sun men and women in the most effective manner; and giving all employees maximum opportunity for development and advancement.

Under the new policy, each employee is considered a resource of the Company as a whole, rather than of a single department. Opportunities are provided for movement of employees between departments for developmental and other purposes, depending on performance and potential. The ultimate goal is to develop the full potential of managerial, technical and professional skills of employees.

This, in brief, is the new Sun—a company building out of the strengths of the past to achieve a new tempo for tomorrow.



# Sun's World











**JIGSAW OF STEEL** forms base of platform-rig designed to drill 60 wells on Santa Barbara Channel lease. Structure is replete with anti-pollution devices and is built to withstand wind, wave and earthquake action.

**SUN GEOLOGIST** studies clues to oil and gas deposits high in the Brooks Mountain Range of Alaska.

**CONSTRUCTION PROGRESSES** on Puerto Rico Sun Oil Company's refinery complex at Yabucoa, on southeastern coast of the Caribbean island.

**RACING CHAMPION** Mark Donohue makes a pit stop for Sunoco 260 and a tire inspection before going on to cinch Trans-American Sedan series at Sears Point, Calif.









PRODUCTION EMPLOYEE in West Texas is part of Sun team setting new records on a worldwide basis.

TANK TRUCK from Sun's Italian distributor, Lubrificanti Gazelle of Milan, delivers Suniso refrigeration oil to industrial customers in Italy.

ULTRA-MODERN STATION in suburban Philadelphia reflects continuing program of marketing modernization.

SUNOCO DRIVER leaves Paulsboro, N.J., bulk plant to deliver gasoline to area service stations.

PETROCHEMICAL UNITS at Corpus Christi refinery produce variety of chemicals used in the manufacture of synthetic products in the U.S. and abroad.





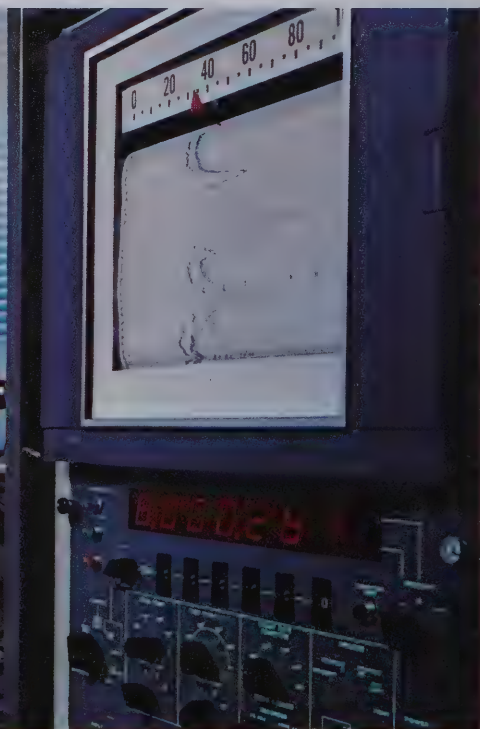
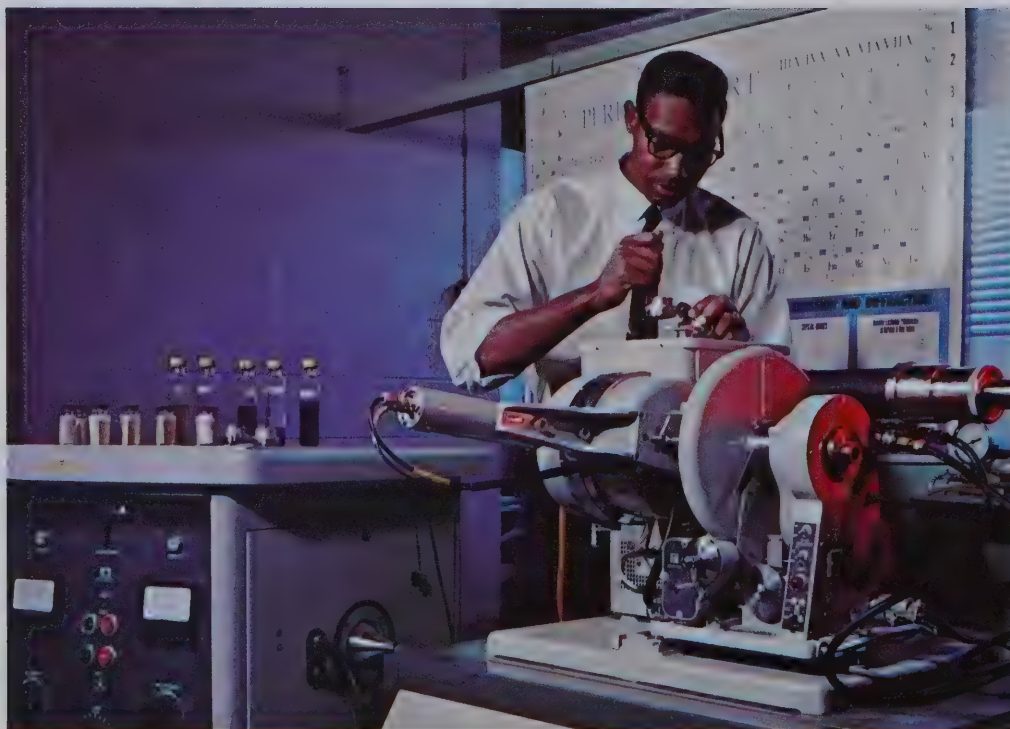


CRUDE OIL STORAGE TANK is towed 60 miles to Persian Gulf's Fateh Field, in the Sheikdom of Dubai. The 500,000-barrel tank was sunk into position for underwater containment of produced crude.

WORKMAN inspects piping at Fordoche, La., gas plant.

SUN CHEMIST uses spectrometer to analyze elements in motor oil additives at Marcus Hook, Pa., labs.

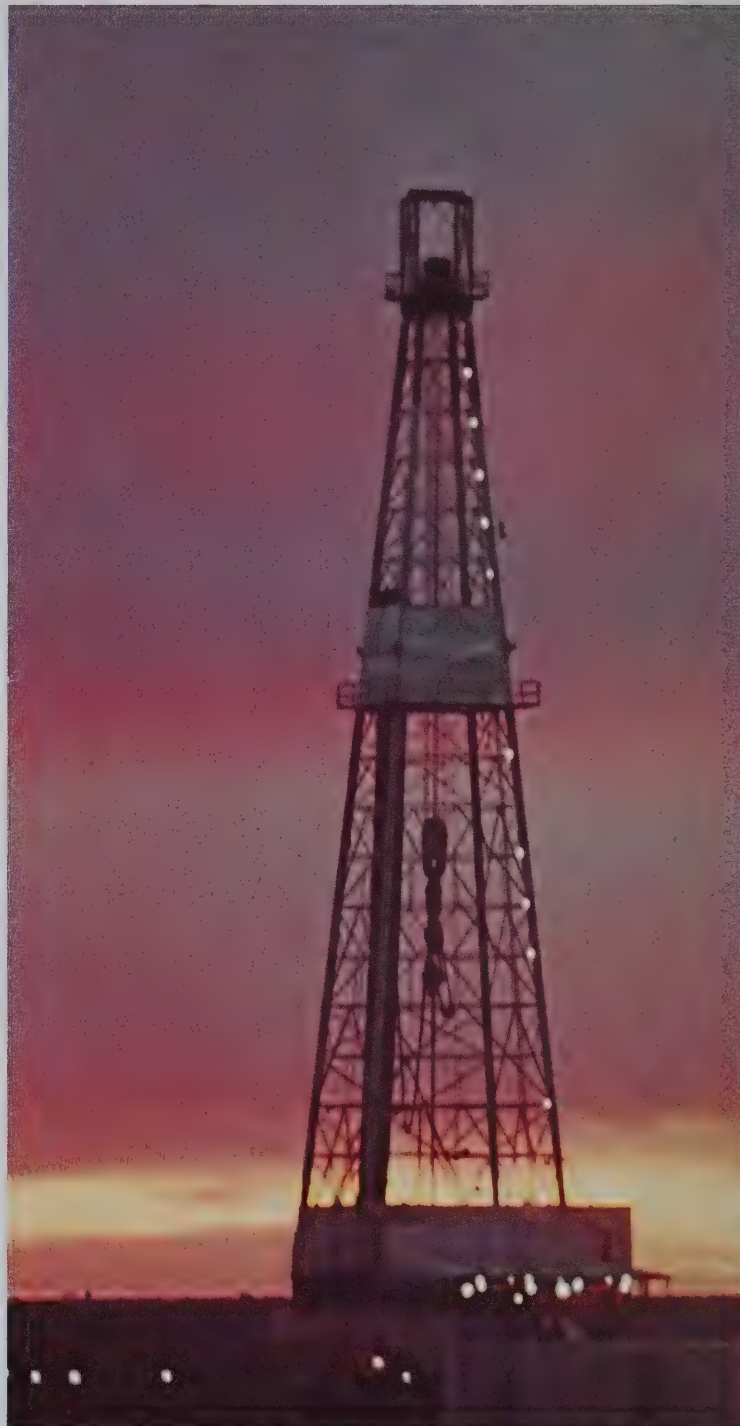
SUNOCO INTERSTATE HOSTESS helps stranded motorist with the aid of her car telephone. Corps of chic young ladies tours Company's Interstate stations on regular basis, advising on cleanliness and service.











BOILERMAKER is one of many trained craftsmen responsible for maintenance at Marcus Hook refinery.

ADVANCED COMPUTER helps researchers determine design of fluids for new automatic transmissions.

DEVELOPMENT WELL in Pecos County, Texas, drills almost four miles into the substructures of the Earth's crust, to tap a natural gas deposit.



# Consolidated Statement of Income and Earnings Employed in the Business

SUN OIL COMPANY AND SUBSIDIARIES

<i>For the Years Ended December 31</i>		
	<b>1969</b>	<b>1968</b>
<b>REVENUES</b>		
Sales and Other Operating Income .....	<b>\$1,837,757,000</b>	\$1,778,183,000
Other Income .....	<b>21,082,000</b>	23,028,000
	<b><u>1,858,839,000</u></b>	<u>1,801,211,000</u>
<b>COSTS AND EXPENSES</b>		
Costs and Operating Expenses .....	<b>1,108,157,000</b>	1,091,664,000
Selling, General and Administrative Expenses .....	<b>232,435,000</b>	209,967,000
Taxes, including Income Taxes .....	<b>172,480,000</b>	154,947,000
Intangible Development Costs .....	<b>47,304,000</b>	54,898,000
Depreciation, Cost Depletion and Retirements .....	<b>120,221,000</b>	110,554,000
Interest and Debt Expense .....	<b>26,004,000</b>	16,170,000
Minority Interest .....	<b>(22,000)</b>	(1,419,000)
	<b><u>1,706,579,000</u></b>	<u>1,636,781,000</u>
<b>INCOME BEFORE EXTRAORDINARY ITEMS .....</b>	<b>152,260,000</b>	164,430,000
<b>EXTRAORDINARY ITEMS</b>		
Gain on Sale of Avisun Corporation, net of taxes .....	—	22,432,000
Pre-Operating Expenses of Great Canadian Oil Sands Limited and Reserve for Losses in Foreign Operations	—	(22,432,000)
	<u>—</u>	<u>—</u>
<b>NET INCOME .....</b>	<b>152,260,000</b>	164,430,000
<b>EARNINGS EMPLOYED IN THE BUSINESS AT JANUARY 1</b>	<b>411,266,000</b>	410,104,000
<b>DIVIDENDS PAID</b>		
<b>CASH</b>		
Preferred Stock .....	<b>41,602,000</b>	9,490,000
Common Stock .....	<b>26,926,000</b>	25,208,000
Sunray prior to Merger .....	—	20,778,000
<b>COMMON STOCK</b>		
1969—6%—1,633,003 shares .....	<b>84,916,000</b>	
1968—6%—1,539,879 shares .....		107,792,000
	<b><u>153,444,000</u></b>	<u>163,268,000</u>
<b>EARNINGS EMPLOYED IN THE BUSINESS AT DECEMBER 31</b>	<b><u>\$ 410,082,000</u></b>	<u>\$ 411,266,000</u>
<b>Net Income per common share after provision for cash dividends on preferred stock .....</b>	<b>\$3.88</b>	\$4.34
<b>Net Income per common share assuming full conversion of all preferred shares .....</b>	<b>\$3.62</b>	\$3.93
<i>(See Accompanying Notes)</i>		

# Consolidated Statement of Financial Position

SUN OIL COMPANY AND SUBSIDIARIES

**ASSETS**

	<i>At December 31</i>	
	<b>1969</b>	<b>1968</b>
<b>CURRENT ASSETS</b>		
Cash .....	\$ 66,002,000	\$ 60,308,000
Short-Term Investments, at cost .....	35,448,000	29,101,000
Accounts and Notes Receivable .....	321,936,000	285,733,000
Crude Oil and Refined Products .....	165,751,000	166,759,000
Materials and Supplies .....	31,909,000	30,553,000
Work in Process .....	10,894,000	8,167,000
Total Current Assets .....	<u>631,940,000</u>	<u>580,621,000</u>
 <b>LONG TERM RECEIVABLES AND INVESTMENTS</b>		
Accounts and Notes Receivable .....	90,709,000	102,573,000
Investment in Affiliated Companies .....	24,325,000	24,660,000
Other Investments, at cost .....	13,854,000	20,577,000
	<u>128,888,000</u>	<u>147,810,000</u>
 <b>PROPERTIES, PLANTS AND EQUIPMENT</b>		
Production .....	1,051,991,000	999,114,000
Manufacturing .....	653,090,000	621,083,000
Marketing .....	634,684,000	566,626,000
Transportation .....	210,870,000	195,816,000
Mining .....	248,285,000	242,795,000
Shipyard .....	39,368,000	36,977,000
Administrative and Others .....	20,846,000	21,680,000
Total, at cost .....	<u>2,859,134,000</u>	<u>2,684,091,000</u>
Less Depreciation and Depletion .....	<u>1,182,862,000</u>	<u>1,118,453,000</u>
	<u>1,676,272,000</u>	<u>1,565,638,000</u>
 <b>PREPAID AND DEFERRED CHARGES</b>		
Pension Costs .....	56,348,000	43,657,000
Excess of Cost of Investments in Subsidiaries over Equities in Net Assets Acquired .....	6,229,000	7,265,000
Other .....	28,534,000	17,612,000
	<u>91,111,000</u>	<u>68,534,000</u>
 <b>TOTAL ASSETS .....</b>	<u><u>\$2,528,211,000</u></u>	<u><u>\$2,362,603,000</u></u>

(See Accompanying Notes)



## SUN OIL COMPANY AND SUBSIDIARIES

## LIABILITIES AND STOCKHOLDERS' EQUITY

	At December 31	
	1969	1968*
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities .....	\$ 185,447,000	\$ 179,746,000
Notes and Bonds Payable .....	63,634,000	28,347,000
Taxes, other than Income Taxes .....	43,050,000	42,905,000
Income Taxes .....	45,378,000	44,280,000
Total Current Liabilities .....	<u>337,509,000</u>	<u>295,278,000</u>
<b>LONG TERM DEBT</b> .....	<b>402,932,000</b>	408,656,000
<b>DEFERRED CREDITS</b>		
Income Taxes .....	120,928,000	70,561,000
Sales of Properties and Future Oil Production .....	26,357,000	48,334,000
Other .....	23,382,000	20,672,000
	<u>170,667,000</u>	<u>139,567,000</u>
<b>MINORITY INTEREST</b> .....	<b>1,802,000</b>	152,000
<b>STOCKHOLDERS' EQUITY</b>		
Preferred Stock, \$2.25 cumulative convertible, stated value \$5 per share (aggregate involuntary liquidation value \$961,533,000)		
Authorized -19,000,000 shares		
Issued, 1969-18,491,013 shares .....	92,455,000	
Issued, 1968-18,499,530 shares .....		92,498,000
 Common Stock, Par Value \$1 per share		
Authorized -100,000,000 shares		
Issued, 1969-28,851,412 shares .....	28,851,000	
Issued, 1968-27,204,688 shares .....		27,205,000
Capital in Excess of Par or Stated Value .....	1,098,024,000	1,008,122,000
Earnings Employed in the Business .....	410,082,000	411,266,000
	<u>1,629,412,000</u>	<u>1,539,091,000</u>
 Less Common Stock Held in Treasury, at cost		
1969-266,837 shares .....	14,111,000	
1968-427,148 shares .....		20,141,000
Total Stockholders' Equity .....	<u>1,615,301,000</u>	<u>1,518,950,000</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> .....	<b><u>\$2,528,211,000</u></b>	<b><u>\$2,362,603,000</u></b>

\* Restated to conform to 1969 presentation.

(See Accompanying Notes)

# Consolidated Statement of Changes in Capital Stock

SUN OIL COMPANY AND SUBSIDIARIES

(Dollars in Thousands)

	Preferred Shares	Preferred Stated Value	Common Shares	Common Par Value	Capital in Excess of Par or Stated Value	Common Stock Held in Treasury Shares	Common Stock Held in Treasury Cost
AT DECEMBER 31, 1968							
Issued .....	18,499,530	\$92,498	27,204,688	\$27,205	\$1,008,122	—	—
Held in Treasury .....	—	—	—	—	—	427,148	\$20,141
6% Stock Dividend ..	—	—	1,633,003	1,633	83,283	14,018	—
Option and Incentive Plans .....	11,989	60	—	—	235	—	—
Preferred Converted or Retired .....	(20,506)	(103)	13,721	13	52	—	—
Treasury Stock							
Purchases .....	—	—	—	—	—	66,539	4,083
Contributed to Pension Fund ....	—	—	—	—	6,301	(160,000)	(4,494)
Used in Acquisitions	—	—	—	—	6	(66,399)	(4,539)
Used for Executive Compensation Plan	—	—	—	—	25	(14,469)	(1,080)
AT DECEMBER 31, 1969							
Issued .....	18,491,013	\$92,455	28,851,412	\$28,851	\$1,098,024	—	—
Held in Treasury .....	—	—	—	—	—	266,837	\$14,111

(See Accompanying Notes)

## Accounting and Financial Notes

SUN OIL COMPANY and SUBSIDIARIES

### Principles of Consolidation

The consolidated financial statements include the accounts of all significant subsidiaries owned more than 50 percent. The parent company's equity in the net assets of the consolidated subsidiaries at December 31, 1969, exceeded the cost of those investments

by \$111,423,000, which amount is included in consolidated earnings employed in the business. Approximately \$272,335,000 of net assets at December 31, 1969, pertain to subsidiaries' operations outside of the United States, principally in Canada (\$183,851,000), Venezuela (\$35,843,000), Iran (\$16,206,000) and in Liberia (\$13,497,000).

The financial statements also include Sun's equity in the undistributed earnings of the affiliated companies in which it owns a proprietary half interest. The increase in such equity, amounting to \$739,000 in 1969 and \$705,000 in 1968 is included in other income.

Appropriate rates of exchange have been used to convert foreign currency statements to U. S. dollars. The conversion gains or losses, which are not significant, are included in consolidated income.

The excess of minority interest in accumulated losses over minority investment in two subsidiaries,



## Consolidated Statement of Source and Application of Funds

SUN OIL COMPANY AND SUBSIDIARIES

FUNDS WERE DERIVED FROM	<i>For the Years Ended December 31</i>	
	1969	1968**
Operations:		
Net Income .....	\$152,260,000	\$164,430,000
Charges to Income not involving Working Capital:		
*Recovery of Capital (Depreciation and Retirements)	120,221,000	110,554,000
Deferred Income Taxes .....	50,367,000	33,262,000
Other .....	1,350,000	1,678,000
Funds Derived from Operations .....	324,198,000	309,924,000
Net Assets of Avisun Corporation Sold .....	—	52,545,000
Net Reduction of Long-Term Receivables .....	11,864,000	—
Contribution of Treasury Stock to Pension Fund .....	10,795,000	13,663,000
Borrowings .....	33,063,000	40,431,000
Proceeds from Sale of Properties, Plants, and Equipment	24,276,000	20,099,000
Other Sources .....	6,089,000	—
Reduction in Working Capital .....	—	25,754,000
Total Funds Available .....	<u>\$410,285,000</u>	<u>\$462,416,000</u>
FUNDS WERE USED FOR		
*Capital Expenditures .....	\$255,131,000	\$268,596,000
Cash Dividend Payments .....	68,528,000	55,476,000
Prepayment of Pension Costs .....	12,691,000	17,104,000
Purchase of Treasury Stock .....	4,083,000	8,519,000
Reduction of Prior Borrowings .....	38,787,000	42,558,000
Net Investment in Long-Term Receivables .....	—	49,272,000
Net Liquidation of Prior Sales of Properties and		
Oil Production .....	21,977,000	12,798,000
Other Uses .....	—	8,093,000
Addition to Working Capital .....	9,088,000	—
Total Funds Used .....	<u>\$410,285,000</u>	<u>\$462,416,000</u>
*Not Including Intangible Development Costs of .....	<u>\$ 47,304,000</u>	<u>\$ 54,898,000</u>

(See Accompanying Notes)

\*\*Restated to conform to 1969 presentation.

Great Canadian Oil Sands Limited and Liberia Refining Company, amounted to \$6,814,000 at December 31, 1969. This amount is included in other prepaid and deferred charges in anticipation of improved results of the companies in future years.

### Inventories

Crude oil inventories are valued generally on a last-in, first-out pricing method based upon the market prices of crude oil prevailing in the field at the time of production or purchase, plus the cost of transportation to the refineries.

Refined products inventories are valued generally on a last-in, first-out pricing method based upon the value of the oils taken out of inventory for refining (as computed above), plus refining costs. Transportation costs from refineries to marketing centers are carried at average costs.

At December 31, 1969, approximately 24 percent of the value of crude oil and refined products inventories is valued at first-in, first-out or average cost.

Crude oil and refined products inventories, as valued on the foregoing bases, are stated at less than market.

Materials and supplies are valued at cost or less, principally on the basis of average cost. Work in process inventories are valued at cost less progress billings.

### Depreciation, Cost Depletion and Retirements

Depreciation policy for accounting purposes is designed to recover on a straight-line basis the cost of properties, plants and equipment during their estimated useful lives. Experience is reviewed from time to time and rates are revised when necessary.

The cost of developed or producing leaseholds,

which excludes intangible development costs, is depleted on the basis of crude oil and natural gas produced from the properties leased. For income tax purposes, a mineral depletion allowance is deducted when in excess of depletion based upon cost.

The cost of undeveloped leaseholds cancelled or surrendered during the year is customarily charged to income. This charge amounted to \$19,661,000 in 1969 and \$18,741,000 in 1968.

### Intangible Development Costs

The cost of drilling wells to develop new sources of crude oil and natural gas is charged to income as incurred. Included in intangible development cost is dry hole expense of \$19,057,000 in 1969 and \$20,176,000 in 1968.

### Taxes

Direct taxes, excise taxes collected from customers and payroll taxes withheld from employees are shown in the following table:

	1969	1968
	(Thousands of Dollars)	
<b>Paid or Accrued</b>		
Capital Stock and Franchise	\$ 2,286	\$ 2,002
Social Security	9,978	9,666
Crude Oil and Natural Gas		
Production	50,744	48,572
Ad Valorem	27,511	24,730
Import, Excise, Sales and Other	8,169	6,617
	98,688	91,587
Income Taxes		
Federal	48,207	44,290
Foreign and Other	25,585	19,070
	73,792	63,360
	172,480	154,947
Federal income taxes included in extraordinary items	—	5,700
	172,480	160,647
<b>Collected and Paid</b>		
Excise taxes collected from customers	409,592	384,944
Taxes collected from employees	55,403	48,638
	464,995	433,582
<b>Total</b>	<b>\$637,475</b>	<b>\$594,229</b>

Taxes collected from customers and employees are not included in the consolidated statement of income.

Investment tax credits of \$4,790,000 in 1969 and \$11,182,000 in 1968 have been applied as a reduction of federal income tax expense.

The provision for income taxes includes deferred amounts of \$50,367,000 in 1969 and \$33,262,000 in 1968, the most significant portions of which result from additional deductions for past service pension costs and accelerated depreciation allowable currently for tax purposes.

### Long Term Debt

The current portion of long term debt, amounting to \$21,685,000 in 1969 and \$21,095,000 in 1968, is included in Notes and Bonds Payable. Long term debt due after one year at December 31 includes the following:

	1969	1968
	(Thousands of Dollars)	
<b>Sinking Fund Debentures</b>		
4½% due November 15, 1990 payable \$4,000,000 annually 1970-1989, \$20,000,000 in 1990	\$ 96,000	\$100,000
4¼% payable \$3,750,000 annually 1971-1986, \$15,000,000 in 1987	75,000	75,000
<b>Convertible Debentures</b>		
6% due May 15, 1975, partially convertible into common stock of a subsidiary company	9,579	11,212
<b>Notes and Mortgages Payable</b>		
4½% payable quarterly through 1974	57,143	71,428
5¾% payable \$2,000,000 annually 1971-1990, \$10,000,000 in 1991	50,000	50,000
8½-9½% short-term notes to be refinanced	58,136	46,366
6½% due January 1, 1972	10,000	10,000
Euro-dollar loans	—	12,000
4.95% payable \$177,631 quarterly until 1978	4,670	5,135
6¼-8¼%, payable over varying periods up to 25 years	6,117	6,110
7½% payable 1975-1989	18,000	—
Other	18,287	21,405
	<u>\$402,932</u>	<u>\$408,656</u>

### Stockholders' Equity

Each share of \$2.25 cumulative convertible preferred stock is entitled to one-quarter vote and each share of common stock is entitled to one full vote, voting together as one class.

Each share of preferred stock is convertible into .730 of a share of common stock, subject to adjustment for stock dividends and certain other transactions, and is redeemable at Sun's option on and after June 1, 1975, starting at \$60 per share and declining \$1 each year thereafter to \$57 per share.

The holders of the preferred stock have a preferential right in involuntary liquidation to receive \$52 per share, or \$55 per share if the liquidation is voluntary. Under the laws of New Jersey, in which Sun is incorporated, the excess of involuntary liquidation value of the preferred stock over the carrying value in the balance sheet will not restrict earnings employed in the business.

At December 31, 1969, 43,841 shares of unissued preferred stock are reserved for the exercise of outstanding stock options and settlement of incentive pay awards, and 13,530,443 shares of unissued common stock are reserved for potential conversion of issued and reserved shares of preferred stock.

### Net Income per Common Share

The per share computations are based on the weighted average number of shares outstanding during each year, adjusted for stock dividends. The ad-



justed average number of common shares outstanding was 28,521,840 in 1969 and 28,310,493 in 1968. Assuming full conversion of all preferred shares these averages were 42,020,379 for 1969 and 41,815,150 for 1968.

### Stock Option Plans

Under Sunray's incentive stock option plans in effect at the date of the merger, certain officers and key employees held options at December 31, 1969 to purchase 40,733 shares of preferred stock at prices ranging from \$20.875 to \$33.75. The options expire at varying dates through 1972 and no additional options may be granted under the former Sunray plans. During 1969 options for 11,581 shares were exercised at an average price of \$24.38 per share and options for 1,250 shares expired.

### Pension Plans

Sun and certain of its subsidiaries have contributory funded pension plans providing retirement benefits for their employees. The total expense for these plans was \$25,857,000 in 1969 and \$23,706,000 in 1968 which includes amortization of past service costs principally over 20 to 30 years. The Companies' policy is to fund the total pension expense plus additional amounts as may be deductible for income tax purposes. Using the most recent actuarial calculations available, the liability for the vested benefits under the Sunoco Division plans exceeds the total of the pension funds by approximately \$87,000,000. The Sunoco Division pension funds include \$56,348,000 of prepaid funding. The assets of the DX Division pension fund exceed the value of the vested benefits.

### Extraordinary Items

The extraordinary gain in 1968 of \$22,432,000, after deducting related income taxes of \$5,700,000, resulted from the sale of Sun's investment in Avisun Corporation.

The extraordinary loss of \$22,432,000 includes charges of \$573,000 for the establishment of a reserve for possible future losses on foreign operations and \$21,859,000 for Sun's share of unexpected pre-operating expenses of the Athabasca tar sands project of Great Canadian Oil Sands Limited, which commenced commercial production October 1, 1968.

### Contingent Liabilities and Commitments

Sun is contingently liable for guarantees of loans payable by associated companies and others approximating \$19,100,000 at December 31, 1969. Management considers that losses, if any, from these guarantees would not be significant.

As of December 31, 1969 the Company had long term leases for service stations, office space and other property and equipment. Under existing contracts expiring at various dates after 1972 minimum annual rentals, without reduction for related rental income, will approximate \$16,000,000 through 1972, and diminishing amounts thereafter.

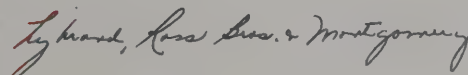
## Accountants' Report

LYBRAND, ROSS BROS. & MONTGOMERY  
CERTIFIED PUBLIC ACCOUNTANTS

BOARD OF DIRECTORS  
SUN OIL COMPANY  
PHILADELPHIA

We have examined the consolidated financial statements of Sun Oil Company and subsidiaries for the year ended December 31, 1969. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We also made a similar examination of the financial statements for the year 1968.

In our opinion, the accompanying consolidated statements of financial position, income and earnings employed in the business, changes in capital stock and source and application of funds present fairly the financial position of Sun Oil Company and subsidiaries at December 31, 1969 and 1968, and the results of operations and source and application of funds for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.



Philadelphia, Pa.  
February 16, 1970

# Five Year Financial Summary - Sun Oil Company

	1969	1968	1967	1966	1965
<b>Revenues</b> (Thousands of \$)					
Sales and Other Operating Income .....	1,837,757	1,778,183	1,710,573	1,562,603	1,400,387
Other Income .....	21,082	23,028	30,312	28,909	21,533
Total—excluding excise taxes .....	1,858,839	1,801,211	1,740,885	1,591,512	1,421,920
<b>Net Income</b> (Thousands of \$) .....	152,260	164,430	156,145	140,524*	118,404
Return on Revenues (%) .....	8.2	9.1	9.0	8.8*	8.3
Preferred Dividend Requirements .....	41,602	41,624	41,624	41,624	41,624
<b>Net Income Applicable to Common Stock</b> ..	110,658	122,806	114,521	98,900*	76,780
Earned Per Common Share (See Financial Notes)					
After Preferred Cash Dividends (\$) ....	3.88	4.34	4.07	3.52*	2.73
Assuming Conversion of Preferred (\$) ..	3.62	3.93	3.75	3.38*	2.84
<b>Cash Dividends Paid</b> (Thousands of \$)					
Sun Preferred—after merger .....	41,602	9,490	—	—	—
Sun Common .....	26,926	25,208	23,851	19,646	15,923
Sunray Common—before merger .....	—	20,778	26,288	26,051	25,708
<b>Stock Dividends on Common Stock</b> (%) ...	6	6	5	6	6
Shares Distributed (Thousands) .....	1,633	1,540	1,222	1,383	979
<b>Stock Split</b> (4 for 3)					
Shares Distributed (Thousands) .....	—	—	—	5,763	—
<b>Stock—December 31</b> (Shares in Thousands)					
Sun Preferred—Shares Outstanding ....	18,491	18,500	—	—	—
—Number of Stockholders .....	88,176	89,844	—	—	—
Sunray Common (Prior to 1968)					
—Shares Outstanding ....	—	—	18,462	18,443	18,379
—Number of Stockholders .....	—	—	99,907	101,363	101,919
Sun Common—Shares Outstanding ....	28,585	26,777	25,118	23,797	16,852
—Number of Stockholders .....	37,975	35,746	34,537	33,228	31,162
<b>Stockholders' Equity (Net Assets)</b>					
December 31 (Thousands of \$) .....	1,615,301	1,518,950	1,399,549	1,284,933	1,172,824
Return on Average Stockholders' Equity (%) .....	9.7	11.3	11.6	11.4*	10.4
<b>Capital Expenditures</b> (Thousands of \$)					
Exploration and Production					
Leases .....	36,531	55,861	43,749	35,569	45,943
Equipment .....	40,673	41,496	51,665	35,036	39,247
Total .....	77,204	97,357	95,414	70,605	85,190
Natural Gas Plants and Other .....	19,044	21,426	15,772	10,190	6,489
Total .....	96,248	118,783	111,186	80,795	91,679
Manufacturing .....	40,271	41,829	81,957	62,629	18,712
Marketing .....	80,347	90,124	71,686	72,864	60,321
Transportation .....	24,888	10,165	11,428	3,649	3,553
Mining .....	9,443	3,944	31	165,780	72,286
Shipyard and Others .....	3,934	3,751	4,938	8,920	871
Total .....	255,131	268,596	281,226	394,637	247,422
<b>Intangible Development Costs</b> .....	47,304	54,898	52,700	58,451	61,907
Total .....	302,435	323,494	333,926	453,088	309,329
U.S. and Canada (%) .....	93	91	92	96	88
Other (%) .....	7	9	8	4	12
<b>Expenditures for Exploration and Development</b> (Thousands of \$)					
Capital Expenditures .....	77,204	97,357	95,414	70,605	85,190
Intangible Development Costs .....	47,304	54,898	52,700	58,451	61,907
Other Expenses including Lease Rentals ..	49,466	50,249	55,124	55,360	49,570
Total .....	173,974	202,504	203,238	184,416	196,667
U.S. and Canada (%) .....	89	88	86	87	83
Other (%) .....	11	12	14	13	17
<b>Taxes</b> (Thousands of \$)					
Operating .....	98,688	91,587	81,763	78,366	74,702
Domestic and Foreign Income .....	73,792	69,060**	59,070	54,406**	34,037
Paid or Accrued by Company .....	172,480	160,647	140,833	132,772	108,739
Collected from Customers .....	409,592	384,944	352,127	335,513	307,246
Collected from Employees .....	55,403	48,638	43,284	37,110	30,874
Total .....	637,475	594,229	536,244	505,395	446,859
<b>Salaries, Wages, Benefits</b> (Thousands of \$)					
Oil Division—U.S. and Canada .....	282,483	263,833	249,833	224,543	202,966
—Other .....	8,372	6,317	5,318	5,000	5,372
Total .....	290,855	270,150	255,151	229,543	208,338
Shipbuilding and Repair .....	42,568	45,139	41,999	40,669	32,115
Total .....	333,423	315,289	297,150	270,212	240,453

\*Excludes extraordinary income of \$17,280,000.

\*\*Includes taxes of \$5,700,000 in 1968 and \$9,687,000 in 1966 on sales of Avisun and Great Lakes Pipe Line respectively.



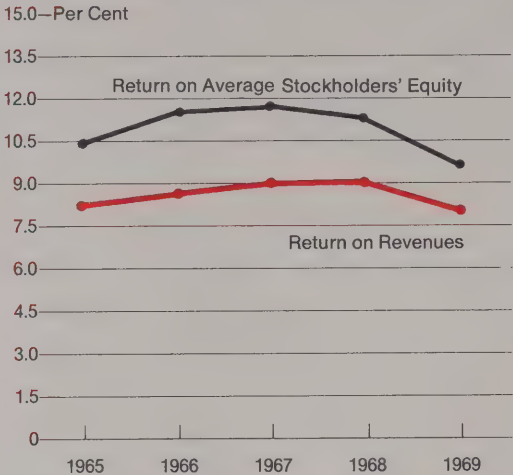
# Five Year Operating Summary - Sun Oil Company

	1969	1968	1967	1966	1965
<b>Average Number of Employees</b>					
Oil Division—U.S. and Canada .....	23,545	23,983	23,580	22,144	22,235
—Other .....	901	806	539	547	606
Total .....	24,446	24,789	24,119	22,691	22,841
Shipbuilding and Repair.....	4,225	4,657	4,731	4,698	3,909
	28,671	29,446	28,850	27,389	26,750
<b>Stock Purchase Plan</b>					
Number of Employees Participating in Liquidation at 6/30 .....	7,973	8,034	8,075	8,182	9,203
Shares of Sun Common Stock Distributed (Thousands) .....	253	297	337	310	254
<b>Savings Plan</b>					
Number of Employees Participating 12/31	4,232	3,937	3,965	3,865	3,776
<b>Net Crude Oil and Condensate Produced</b>					
(Barrels daily)					
U.S. and Canada .....	219,626	215,690	211,280	193,756	182,092
Other .....	133,519	113,380	101,991	108,130	106,292
Total .....	353,145	329,070	313,271	301,886	288,384
Natural Gas Sales (Million Cubic Feet daily)	1,631	1,505	1,347	1,303	1,194
<b>Processed Natural Gas Liquids</b>					
(Barrels daily) .....	47,883	47,646	41,458	37,450	34,314
<b>Net Wells Completed</b>					
Oil .....	205	224	273	317	391
Gas .....	36	67	89	86	110
Dry .....	139	143	153	223	274
Total .....	381	434	515	626	775
<b>Net Producing Wells 12/31</b>					
Oil .....	9,135	9,424	9,376	9,291	9,381
Gas .....	1,468	1,481	1,415	1,392	1,267
Total .....	10,603	10,905	10,791	10,683	10,648
<b>Synthetic Crude—net produced for shipment (Barrels daily) .....</b>					
	27,336	23,685*	—	—	—
<b>Crude Refined (Barrels daily)</b>					
Corpus Christi, Texas .....	45,680	44,079	44,688	44,469	42,337
Duncan, Oklahoma .....	45,435	45,842	44,490	44,249	42,289
Marcus Hook, Pennsylvania .....	154,552	157,871	147,049	144,953	136,514
Sarnia, Ontario .....	30,842	31,412	26,446	29,309	28,169
Toledo, Ohio .....	104,512	104,263	94,577	100,952	91,523
Tulsa, Oklahoma .....	84,303	81,550	80,357	80,325	75,931
Monrovia, Liberia .....	5,124	246**	—	—	—
Total .....	470,448	465,263	437,607	444,257	416,763
Crude Refined as % of Rated Capacity .....	95	97	94	96	90
<b>Crude Refined for Sun's Account—</b>					
Venezuela (Barrels daily) .....	22,241	22,039	20,628	18,177	15,519
<b>Shipments through Sun Owned or Operated Pipelines (Millions of Barrel Miles)</b>					
U.S. and Canada					
Crude Oil .....	9,917	10,334	10,565	10,864	10,375
Refined Products .....	17,369	17,182	16,554	16,024	14,335
Total .....	27,286	27,516	27,119	26,888	24,710
Other—Crude Oil .....	3,326	3,167	2,762	2,838	2,801
<b>Ocean Tankers Owned</b>					
	7	9	9	9	10
Capacity (Barrels) .....	2,220,400	2,000,600	2,000,600	2,000,600	2,132,600
Deadweight Tonnage .....	308,346	278,925	278,925	278,925	296,880
<b>Sales of Refined Products (Barrels daily)</b>					
Gasoline .....	301,854	285,446	277,276	271,121	252,803
Middle Distillates .....	128,995	129,562	133,343	131,736	122,105
Residual Fuel .....	29,465	28,543	25,885	24,944	27,073
Chemicals .....	19,565	19,587	17,796	17,262	15,678
Lubricants and Other .....	71,069	60,826	60,712	58,066	52,397
Total .....	550,948	523,964	515,012	503,129	470,056
U.S. and Canada (%) .....	97	96	94	94	94
Other (%) .....	3	4	6	6	6
<b>Service Station Type Outlets Retailing Branded Motor Products .....</b>					
	16,900	17,100	16,800	17,000	16,600

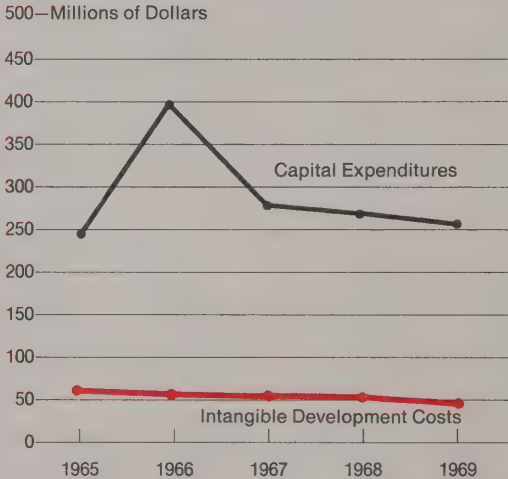
\*92 days—plant became commercially operational October 1, 1968.

\*\*Based on full year—new refinery on stream late in 1968.

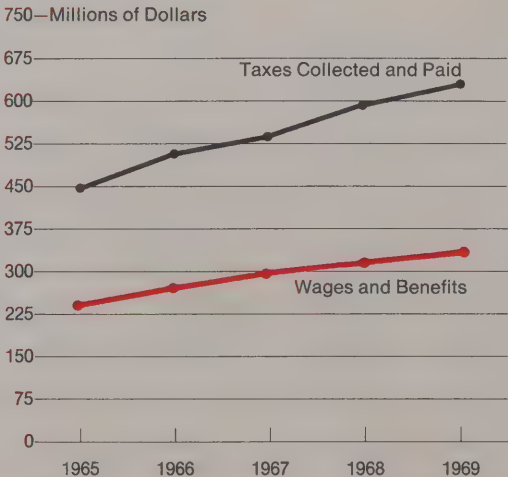
**Return on Revenues and  
Average Stockholders' Equity**



**Capital Expenditures and  
Intangible Development Costs**



**Taxes, Wages and Benefits**



**Crude Oil Production**

Net Crude Oil and Condensate Produced Thousands of Barrels	
Year 1969	
United States	
Arkansas	1,134
California	2,359
Colorado	216
Florida	763
Kansas	1,667
Kentucky	373
Louisiana	12,544
Michigan	1,167
Mississippi	2,347
Montana	395
New Mexico	2,548
Oklahoma	9,379
Texas	37,595
Utah	742
Wyoming	1,199
Other States	859
	<hr/> 75,287
Canada	4,877
Iran	5,592
Venezuela	43,141
Total	<hr/> <hr/> 128,897

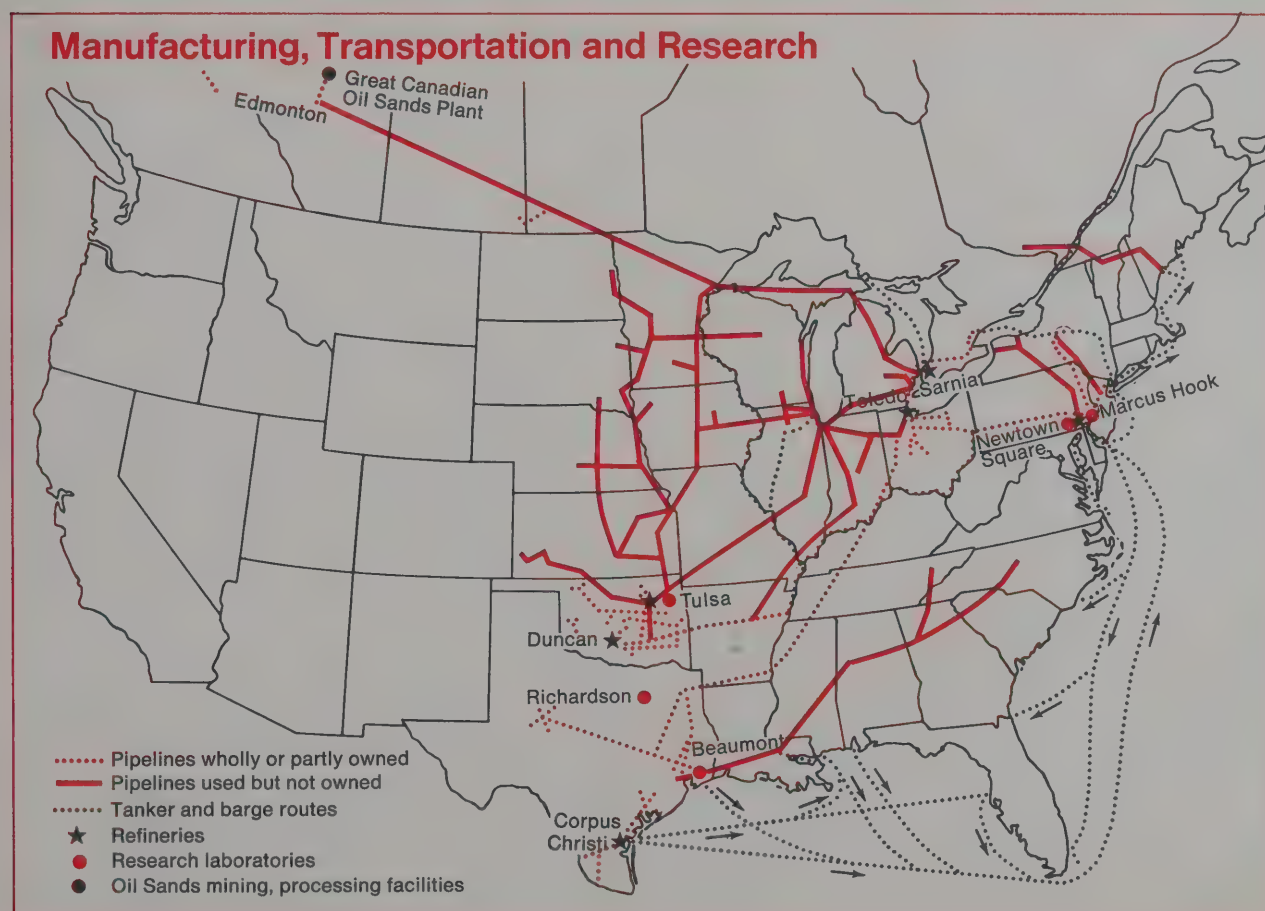
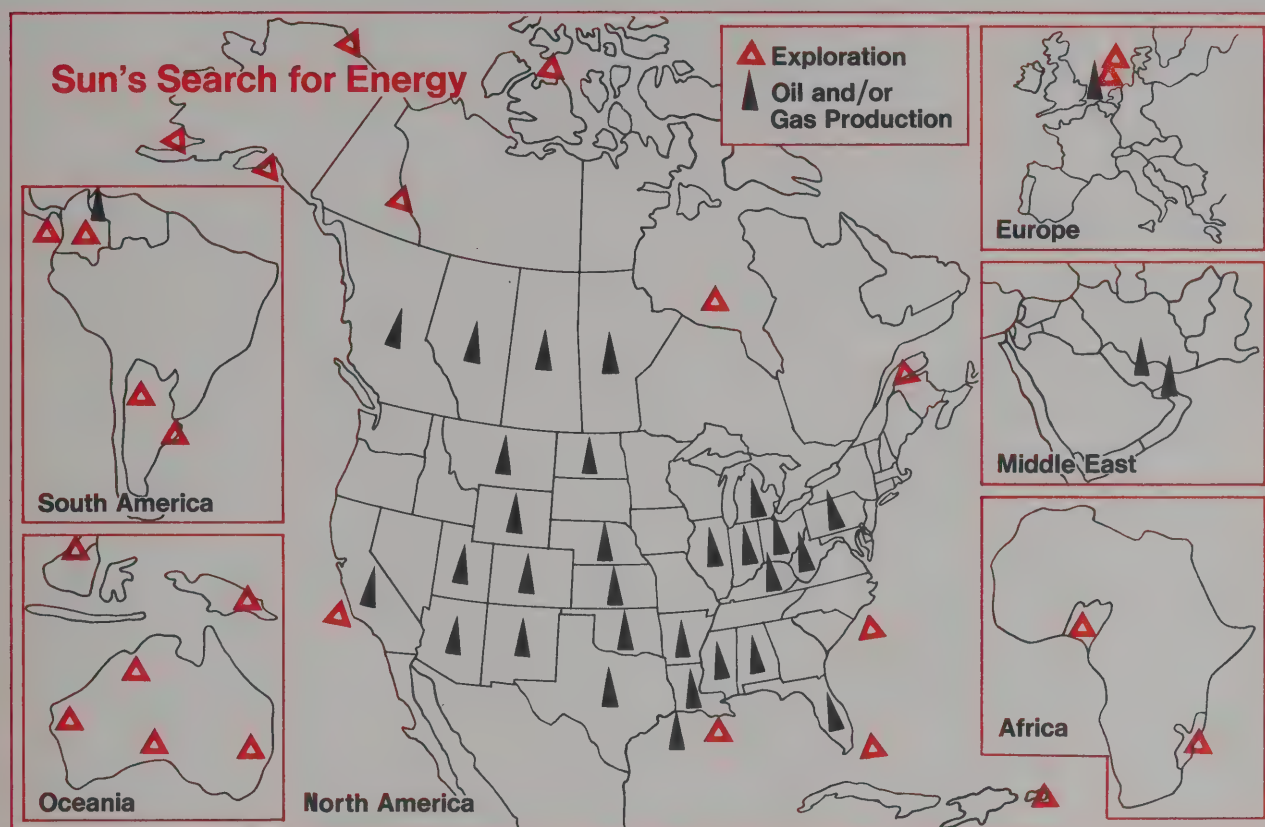
**Reserves of Liquids and Gas**

At December 31, 1969, net proved underground reserves of crude and condensate in the United States and Canada were estimated to be 1,043,000,000 barrels and in Iran, 134,000,000 barrels. Venezuela crude reserves were estimated at 314,000,000 barrels (gross). In the U.S. and Canada estimated net reserves of recoverable natural gas liquids were 179,000,000 barrels. Net reserves of natural gas were estimated at 7.9 trillion cubic feet including 400 billion cubic feet in the British North Sea.

**Natural Gas Sales**

Natural Gas Sales Million Cubic Feet	
Year 1969	
United States	
Arkansas	3,501
California	2,865
Colorado	5,118
Florida	95
Kansas	3,559
Louisiana	182,450
Michigan	3,826
Mississippi	6,030
Montana	126
New Mexico	16,335
Oklahoma	65,872
Texas	289,855
Utah	535
Other States	676
	<hr/> 580,843
Canada	12,929
North Sea	1,651
Total	<hr/> <hr/> 595,423





## Directors and Officers Sun Oil Company 1969

J. HOWARD PEW, Chairman, Board of Directors  
 PAUL E. TALIAFERRO, Deputy Chairman, Board of Directors  
 ROBERT G. DUNLOP, Director and President  
 DARWIN W. FERGUSON, Director and Executive Vice President  
 R. EDWIN FOSS, Director and Executive Vice President  
 DONALD P. JONES, Director and Vice President  
 JOSEPH T. WILSON, JR., Director and Secretary-Treasurer  
 JOSEPH R. LAYTON, Director and Comptroller  
 WILBURN T. ASKEW, Director  
 ELMER R. BRADLEY, Director  
 JACK A. COLLINS, Director  
 JOHN H. DOUMA, Director  
 R. PAUL HENRY, Director  
 CHALMER G. KIRKBRIDE, Director  
 JNO. G. PEW, Director  
 WALTER C. PEW, Director  
 L. GAYLE RODGERS, Director  
 KINGSLEY V. SCHROEDER, Director

### **Sunoco Division Officers (Philadelphia)**

DARWIN W. FERGUSON, Chief Executive Officer  
 WILBURN T. ASKEW, Vice President  
 ELMER R. BRADLEY, Vice President  
 JACK A. COLLINS, Vice President  
 CHALMER G. KIRKBRIDE, Vice President  
 KINGSLEY V. SCHROEDER, Vice President

### **DX Division Officers (Tulsa)**

R. EDWIN FOSS, Chief Executive Officer  
 JOHN H. DOUMA, Senior Vice President  
 R. PAUL HENRY, Senior Vice President  
 L. GAYLE RODGERS, Senior Vice President  
 WARREN E. BURCH, Vice President  
 GLEN BURROUGHS, Vice President  
 R. W. ELLIS, Vice President  
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 N. B. INGRAM, Vice President  
 FLOYD L. MILES, Vice President  
 DANIEL R. TOLL, Vice President  
 CLYDE A. WHEELER, JR., Vice President

EERIE GLOW is cast around Alaskan North Slope drilling rig by circulating steam used to keep equipment from freezing.

### **Principal Offices:**

1608 Walnut Street  
 Philadelphia, Pennsylvania 19103  
 907 South Detroit Avenue  
 Tulsa, Oklahoma 74120

### **Registrars:**

*Common and Preferred Stock*  
 Bankers Trust Company, New York, N.Y.  
 Girard Trust Bank, Philadelphia, Pa.  
 Montreal Trust Company, Calgary, Alta.

### **Transfer Agents:**

*Common Stock*  
 The Chase Manhattan Bank, N.A., New York, N.Y.  
 The Fidelity Bank, Philadelphia, Pa.  
 The Canada Trust Company, Calgary, Alta.

### *Preferred Stock*

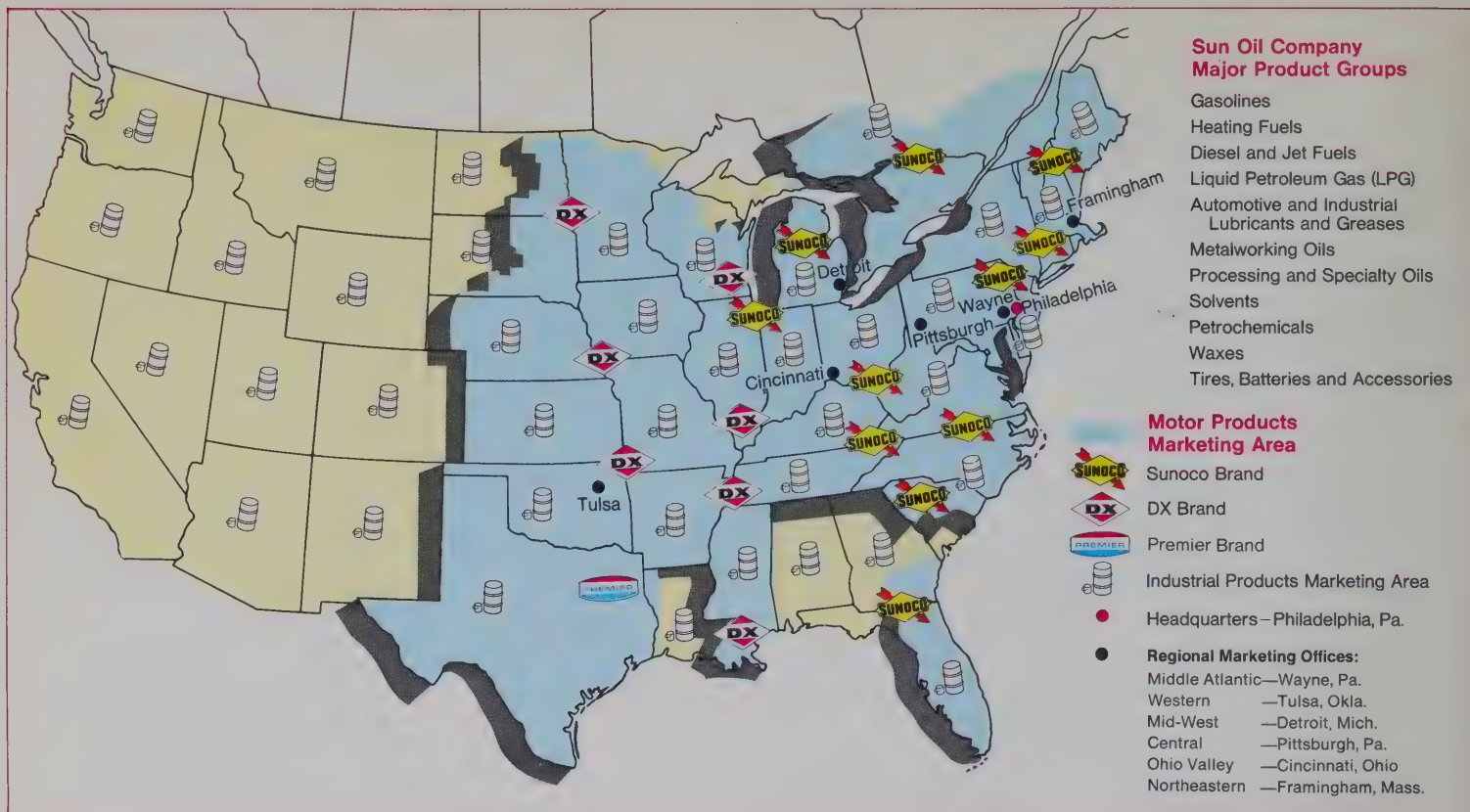
Manufacturers Hanover Trust Company, New York, N.Y.  
 The Fidelity Bank, Philadelphia, Pa.  
 The Canada Trust Company, Calgary, Alta.

### **Annual Meeting:**

Tuesday, April 21, 1970, 2:00 p.m., Sun Center  
 Feltonville, Delaware County, Pennsylvania







## Sun Oil Company

1608 WALNUT STREET

PHILADELPHIA, PA. 19103



# OUR SUN

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CREDITS for non-staff illustrations: p. 4, top, Lloyd E. Miller and Edward E. Gilbert; pp. 32, 34, bottom right, 35, left, Tulsa City-County Library System; p. 34, left, Drake Well Museum; p. 35, bottom right, National Petroleum News.

**ON THE COVERS.** Front: the photogenic compatibility of the Sunoco and DX diamonds symbolizes the new vibrancy of Sun Oil Company. Back cover: clockwise from top, DX drilling rig near Shiprock, N. Mex.; Great Canadian Oil Sands bucketwheel excavator, northern Alberta, Can.; Corpus Christi, Tex., Refinery; Sunoco Car Care Center, Pa.; DX LPG residential delivery, La.; Lake Maracaibo, Venezuela, flow station.

**INSIDE AFRICA TODAY.** Liberia's first refinery, dedicated last December and operated by Liberia Refining Company, a Sun subsidiary, reflects the new mood of Africa and the new directions of Sun's global participation in manufacturing, marketing and production operations.



## AROUND THE SUN DIAL

**SIGNS OF THE DIAMOND.** From a long-range viewpoint, diamonds are immensely practical. They endure. Because of this, and other implied qualities of excellence, it is not difficult to speculate why the diamond became a popular symbol in establishing corporate identity during the formative years of the oil industry. The diamond's solid standing in industrial heraldry accounts for one sidelight in the merger of Sunray DX Oil Company into Sun Oil Company. The two operating divisions resulting from this merger, Sunoco and DX, market under diamond signs.

The Sunoco diamond first beckoned to motorists in 1920, but its origin can be traced to 1894, when the Diamond Oil Company, organized by J. N. Pew and E. O. Emerson, purchased the site of what is now Sun's second largest refinery at Toledo, Ohio. The arrow appears to have been added to attract the attention of motorists when marketing of a full line of Sunoco motor products began in 1920.

The DX diamond traveled a less direct route. It was inherited in 1955 when the Mid-Continent Petroleum Corporation of Tulsa, Okla., was merged into Sunray Oil Corporation. Mid-Continent, in turn, acquired the symbol in 1925 with the purchase of six service stations and a bulk plant from the Diamond Petroleum Company of Louisville, Ky. Mid-Continent marketed under the name Diamond, the antecedent of the D in DX. The X honors an upper-cylinder lubricant developed in 1932; because the lubricant was a secret, it was designated X. Prior to the merger with Mid-Continent, Sunray's trademark was a sun with fanning rays.

Sun Oil Company, too, used a sunburst at one time. Use of "Sun" in the official corporate name dates back to 1889 when the Messrs. Pew and Emerson incorporated The Sun Oil Line Company. Because of the sun's size, it was chosen over several other heavenly bodies according to a letter written in 1920 by Robert C. Pew, nephew of J. N. Pew. Sunray was the result of a play on the surnames Son and Ray, two investors in the corporation, founded in 1920.

Diamonds and sunbursts have not been the only symbols in the lives of DX and Sunoco. One Sunoco symbol, the caduceus, for years was emblazoned, sometimes superimposed on a sunburst, over the offices of Sunoco service stations. The adoption of the god Mercury and his caduceus was the inevitable outcome of the completion of Sun's first Mercury Vapor plant in 1926, and it declined when Sunoco stopped marketing Mercury-made motor oils.

In the DX treasury of forgotten symbols is one, a square enclosing the letter B. The symbol stood for "Be Square," a slogan of the Barnsdall Oil Company, merged into Sunray in 1950. At the time of its adoption, about 1917, calling a man "square" was the highest accolade in business dealings. The "Be Square" honored the memory of Theodore N. Barnsdall, founder of the company.

But while etymological forces relentlessly reshape our vocabularies, downgrading some words, giving respectability to others, time is on the side of the symbol that has recognition value. And, judging by the increasing numbers of customers in its 34-state marketing territory, two of Sun's best friends have been diamonds.

# The Exciting Challenge of Sun's Future

**A**S THIS SPECIAL ISSUE OF OUR SUN NOTES, AND COM-memorates, the merger of Sun Oil Company and Sunray DX Oil Company of Tulsa, Okla., became fact on Oct. 25, 1968. And for all of us associated with the new Sun Oil Company, that date marked a challenging beginning.

The oil industry, from the day of the springpole and the batch still to today's turbodrill and hydrocracker, has always been a tremendously exciting business and never more so than it is now. And never before has the future of the industry been so promising nor its importance to the people of the free world so great.

In the 110 years since Colonel Edwin L. Drake founded the American petroleum industry with his primitive well in western Pennsylvania, our whole way of life has come to depend increasingly on petroleum. The American people, whose purchases of new cars now approach 10 million each year, whose homes are heated largely with oil or gas and for whom countless petroleum derived products provide many of the necessities and amenities of life, are the leading consumers of petroleum in the world. The American economy is geared to high energy consumption and petroleum provides three Btu's of that energy for every single Btu supplied by all other sources combined. Rising hopes for higher standards of living in lesser developed countries of the world can be realized only through a substantial increase in energy consumption and indeed demand for petroleum in other nations is rising faster than it is in the U.S.

The oil industry is exciting today in the opportunity it faces. In 1968, preliminary figures show that the U.S. consumed 4.8 billion barrels of oil and 19.8 trillion cubic feet of gas. The Department of the Interior estimates that by 1980, a little more than 10 short years away, domestic consumption will rise to nearly 6.5 billion barrels of oil a year, plus some 25 trillion cubic feet of natural gas.

And, as time goes on, the exciting challenge before us will grow even larger. Between now and the end of this century, we in the free world will have consumed some 650 billion barrels of oil and our annual rate of consumption will then be approximately triple today's 12 billion barrels. By 1986, the free world's present reserves of 310 billion barrels of liquid petroleum will be very nearly exhausted and to meet requirements through the year 2000 we will need to find and produce an additional 350 billion barrels of oil and hundreds of trillions of cubic feet of natural gas, while assuring adequate supplies for the future.

While the U.S.'s proved reserves are now equal to less than a 10-year supply, the Interior Department has said that remaining petroleum resources—oil and gas believed to be present but as yet unproven—"are obviously adequate to support consumption for many years in the future. The real question is whether they can be located



ROBERT G. DUNLOP  
*President*  
*Sun Oil Company*

and produced at costs which permit them to compete with other energy sources."

Not all oilmen are content to place total reliance on undiscovered oil or gas and thus we see increasing interest in such alternative sources as coal, geothermal springs, oil shales and uranium. Sun, for instance, is already pioneering in development of the Athabasca tar sands in northeastern Alberta, Canada.

But from whatever source we will derive the supplies to meet our energy demands,

the price will be high. Whether we concentrate on a worldwide search for oil and gas, drilling deeper wells, or drilling in untested frontiers of ever-deeper offshore waters, or whether we develop unconventional sources, it will take great amounts of money. It has been estimated that to meet petroleum demands to the end of this century will require an investment by the petroleum industry in the free world of more than \$500 billion.

Thus it is clear that to do the job that lies ahead, the petroleum industry and the many hundreds of individual companies which comprise it will need every ounce of strength they can muster. Each company, if it is to be successful, must husband its financial resources, decide as wisely as it can the optimum uses to which to put those resources, and pursue its tasks with every dedicated effort.

And this is why our merger with Sunray DX Oil Company is of such prime importance to us all, not only for the immediate future but as far ahead as we can see. We shall need the confidence and support of people, shareholders and employees alike, and I believe that our new alliance gives us exactly the people we need to do the job. We shall need financial resources to meet the requirements and the opportunities of our organization now and in the future and again I believe that the alliance with Sunray DX gives us precisely that. We will be meeting the ever heavier responsibility of the demands of not only our present customers but the rising aspirations of the world's expanding populations and I see no reason why we cannot meet those demands satisfactorily.

I am certain that each of us associated with Sun recognizes, and appreciates, the size and scope of the exciting challenge and opportunity before us. And I am equally sure that all of us, working together, will meet those challenges, and in so doing advance not only this Company but serve the best interests of our customers, our Nation and our society. ♦





# The **NEW** Sun Oil Company

by Robert L. Klaus

**AT 5 P.M.** on Friday, Oct. 25, 1968, a new corporate entity—but one bearing a name long-respected in the petroleum industry—came into being. At that moment, Sunray DX Oil Company of Tulsa, Okla., then in its 48th year, was merged into Sun Oil Company, then in its 82nd year.

From this merger came a new, bigger, stronger Sun Oil Company—new in a climate of greater challenge and opportunity, bigger in both sheer physical size and in the scope of its operations, stronger by virtue of the assets which both companies, Sun and Sunray DX, brought to the merger.

Look at the new Sun Oil Company today and you will find a major, integrated oil company whose operations extend literally to the farthest borders of the free world. In production, it is exploring or producing in 11 nations and territories, plus

*continued*






*Tar sands are visible along a shoreline of the Arctic Islands where Sun and Global Marine, Inc. are scheduled to begin exploring more than 6.5 million offshore acres later this year.*

*Crude oil or natural gas is produced by the Company in 24 states and four Canadian provinces. Production subsidiaries are exploring or have operations in 11 foreign countries.*

*About 100,000 gallons a day of liquefiable petroleum gases are produced at the \$3.5-million Belle Isle, La., gas processing plant, the largest of Sun's six wholly owned gas plants.*

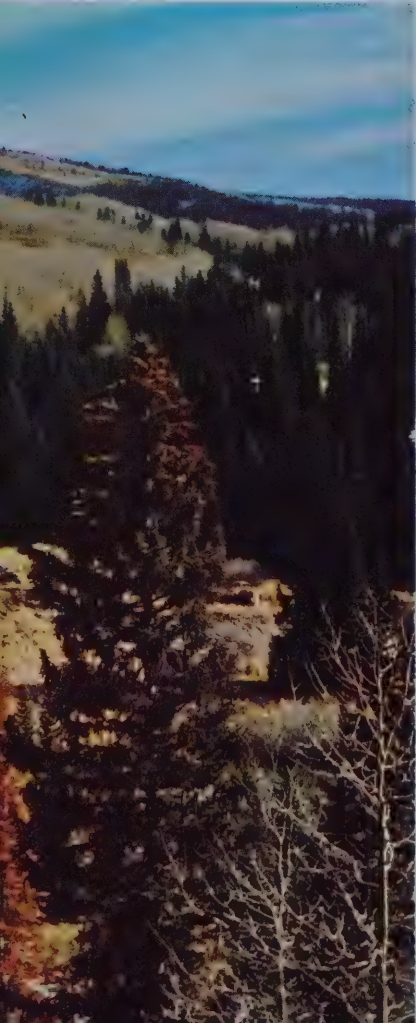






## A progressive program of oil and gas production reaches into six continents

24 states of the U.S. Its refineries are located in four states and two foreign nations. Its domestic retail marketing territory stretches from eastern Canada to Florida to the Rocky Mountains. Its subsidiary and affiliate companies bring Sun's interests into areas as prosaic as fertilizers, as esoteric as hydrospace and as pioneering as developing hydrocarbon production from tar sands.



Behind this wide-ranging scope of operations and interests lies financial strength, evident as much as anywhere in the growth of the individual companies before the merger and the potential for growth in the future. For both companies, the years prior to the merger had been successful ones. Both could point to significant growth in shareholder equity, returns on revenues and such other important indicators as volumes of production, refinery output and crude and product sales.

For 1968, the merged company had gross revenues of \$1,801,211,000 and net income of \$164,430,000. Similar figures for 1967, restated, were gross revenues of \$1,740,885,000 and net income of \$156,145,000. And when the merger was announced in January, 1968, the combined assets added up to well over \$2 billion.

These figures pinpoint the metabolic rate at a given instant. The true measure of the health of the organization is to be found in its capability—first to handle the daily tasks and, second and equally as important, to generate and manage larger, higher-potential projects. Using the latest available figures for both companies, let's examine in detail this new Company's scope and operations.

In North America, Sun currently is producing crude oil or natural gas in the West (California, Colorado, Montana, Utah, Wyoming), Southwest (Arizona, Arkansas, Louisiana, New Mexico, Oklahoma, Texas), Central states (Illinois, Indiana, Kansas, Kentucky, Michigan, Nebraska, North Dakota, Ohio), South (Alabama, Florida, Mississippi), Middle Atlantic states (Pennsylvania, West Virginia), and Canada (Alberta, British Columbia, Manitoba, Saskatchewan). In all, the Company has under lease, domestically and internationally, some 45 million acres and of this approximately 1 million acres is in active production. During 1968, the merged companies completed a total of 224 net oil wells and 67 natural gas wells, a total of 291 net wells, while drilling 143 dry holes. Production now comes from approximately 11,000 net crude oil and natural gas wells.

**F**or any integrated oil company, one of the more significant factors is its ratio of produced crude oil and condensate to the total crude refined by the Company. During 1968, this ratio for the merged Company was a hefty 74 per cent. North American production of crude oil, including synthetic crude from Great Canadian Oil Sands, amounted to approximately 230,000 barrels a day in 1968, and Sun's share of production in Venezuela was some 113,000 barrels a day. Its share of production from the Sassan Field in the Persian Gulf is expected to rise to some 25,000 barrels a day. Since only a small amount of crude produced outside the U.S. may be brought into this country for refining under the Department of Interior's

*continued*



*The pipeline between Toledo and Marcus Hook (below), expanded in 1967, is part of a network of more than 8,000 miles of crude and product lines partially or wholly owned by Sun.*

*The 24,000-ton Ponce de Leon (right), the world's largest containership, now in regular service between New York and San Juan, was built at Sun Shipbuilding and Dry Dock Co.*

*Products are shipped by tank trucks, railroad tank cars and barges. LPG products are loaded (bottom) at a DX Division terminal on the Mississippi River near West Memphis, Ark.*





## An extensive transportation system supplies refineries and feeds product to market

import program, a more significant self-sufficiency ratio would be that of Sun crude available for use in the Company's own refineries; in 1968, this ratio was 58 per cent. In addition, natural gas sales now reach a combined total of 1.5 billion cubic feet a day.

Offshore U.S. waters, particularly in the Gulf of Mexico and off the coast of California, are not only important to current production, but promise to become more important in the future. In February, 1968, DX, with Sun and two other companies, was the successful bidder for a promising tract in the Santa Barbara Channel off California. In July, "significant oil reserves" were discovered when the second well in the tract produced 1,190 barrels of oil a day. In mid-January of this year, construction was begun on a 60-well drilling platform featuring both a conventional rig and a slanted rig for drilling on this tract. The 3,100-ton platform is scheduled for completion in May.

Last May, Sun as operator for a group of oil companies, submitted high bids on 67 offshore tracts in the Gulf of Mexico, although 28 of the bids subsequently were rejected by the Interior Department. The acreage Sun retained is considered to be of good potential and the first well drilled on these leases was successfully completed in December.

In recent years, both Sunray DX and Sun had embarked on an aggressive program of foreign production development so that today Sun is exploring for or producing in Australia, Brunei, Colombia, Dubai, Iran, Mozambique, Nigeria, Papua, the North Sea (the Netherlands, United Kingdom) and Venezuela.

Moving crude oil and other feedstocks to refineries and transporting finished or semi-finished products to market is the job of Sun's integrated transportation system of tankers, barges and pipelines. Knitting together the Company's production areas, refineries and customers are more than 8,000 miles of crude and product pipelines, partially or wholly owned. The Company's transportation fleet consists, at this time, of three towboats, six towbarges and nine ocean-going tankers, the latter with a total capacity equivalent to more than two million barrels of crude oil. Late last year, the Company put into operation a new type of self-propelled barge with a capacity of 38,000 barrels. During summer months, it will carry products through the Great Lakes and inland waterways; during the winter, when the Great Lakes are frozen, it will run from the Newark, N.J., terminal along the northeastern Atlantic coast. Meanwhile, the Company announced that it had ordered the largest tanker ever to sail in Sun's fleet. Taking shape now at Sun Shipbuilding and Dry Dock Company in Chester, Pa., the ship will be an 80,000-deadweight-ton tanker with a cargo capacity of 592,000 barrels, nearly double the capacity of the biggest tankers now in the Sun fleet. With a top speed of 17.5 knots, enabling the ship to sail from Marcus Hook to Texas in four and a half days, the 811-foot-long tanker will cost nearly \$19 million.

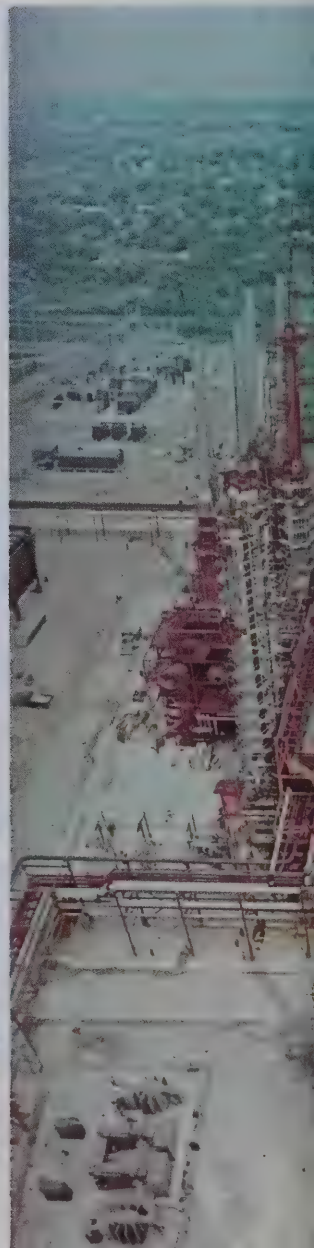
Principally for marketing transportation, the Company also operates a fleet of tank trucks, many of them tandem rigs with capacities up to 14,500 gallons. In addition, Sun also owns or leases some 1,700 tank

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*At the DX Division's Tulsa Refinery, which has a daily crude capacity of 85,000 barrels, a modern blending and packaging complex processes more than 250 DX lubricating oil products.*

*Sun Limited's refinery at Sarnia, Ontario, has a crude capacity of 32,000 barrels a day, a portion of which is shipped more than 2,000 miles by pipeline from the GCOS plant site.*



*The Corpus Christi, Tex., Refinery (above), a major supplier of petrochemicals sold at home and abroad, also produces gasoline and jet fuel.*

*High octane gasoline and home heating oil are produced in unit (right), one of the world's largest catalytic crackers, at Marcus Hook, Pa., Refinery.*

*At the Toledo Refinery (far right) high quality gasoline is produced by a new hydrocracker that is part of a complex officially dedicated in 1968.*







## Seven refineries process nearly 500,000 barrels a day of crude oil into products

cars, many in the jumbo range of 20,000 to 24,000 gallons capacity.

In manufacturing the Company operates seven refineries with a total combined crude capacity of approximately 497,000 barrels a day. Refinery locations and capacity of each: Marcus Hook, Pa., 158,000 barrels a day; Toledo, Ohio, 112,000; Tulsa, Okla., 85,000; Corpus Christi, Tex., 55,000; Duncan, Okla., 45,000; Sarnia, Ontario, Canada, 32,000, and Monrovia, Liberia, West Africa, 10,000.

Newest of these, the Liberian Refinery, was officially dedicated on Dec. 30, 1968. Designed to process either Nigerian, Venezuelan or Persian Gulf crude, this \$15-million complex produces a variety of petroleum products including premium and regular gasolines, kerosine, jet and diesel fuels, fuel oils, liquefied petroleum gas and asphalt. In October, 1968, International Fuel Corporation was formed to provide Liberia's first regular, barge-operated bunkering service. It will serve a market representing a sales potential of 8,000 barrels a day, mainly to ocean-going iron ore carriers, tankers, freighters and coastal vessels.

In early 1968, the Tulsa Refinery marked the completion of a formal 10-year modernization program with the opening of its new, highly automated lubricating oil blending and packaging plant. More than 250 different products bearing the DX label, including motor oils and lubricants, are processed in the plant. Some 90 million gallons a year of lube oils are processed there, substantial amounts blended and packaged under the DX label, the remainder blended and packaged under customer contracts or shipped in bulk. Machinery in the packaging plant can fill and

seal 1,000 quart-size cans a minute; filling a 55-gallon drum takes only 35 seconds, 20 per cent faster than previously.

The Corpus Christi Refinery is currently undergoing a \$20-million expansion program which will upgrade it even further as a profitable manufacturer of petroleum products as well as a host of petrochemicals. About a dozen basic petrochemicals such as benzene, ethylbenzene, propylene and toluene are produced at the refinery; individually or combined they are building blocks used in the manufacture of such products as aspirin, dyes, herbicides, antifreeze, synthetic fibers, latex paints, saccharin, antiseptics and lacquers. A pseudocumene plant went on stream in February of this year and a polymethylbenzene unit (PMB) is nearing completion. The PMB unit will have an initial production capacity of 10 million pounds annually, the pseudocumene unit an initial capacity of 25 million pounds a year. When completed, the pseudocumene and PMB units will make Sun one of the few companies in the world able to produce all the methylbenzenes, in addition to benzene.

Both Sunoco and DX have, in recent years, been concentrating on the refiner's top priority goal, increasing output of higher-valued products at lower costs. Through the use of improved catalytic cracking catalysts, DX in 1968 increased its production of gasoline by 3,000 barrels a day while reducing its production of lower value distillate fuel oils. Similarly, at Marcus Hook, Sunoco's giant catalytic cracking plant, with modifications introduced last year, consistently exceeds its original design capacity, producing more

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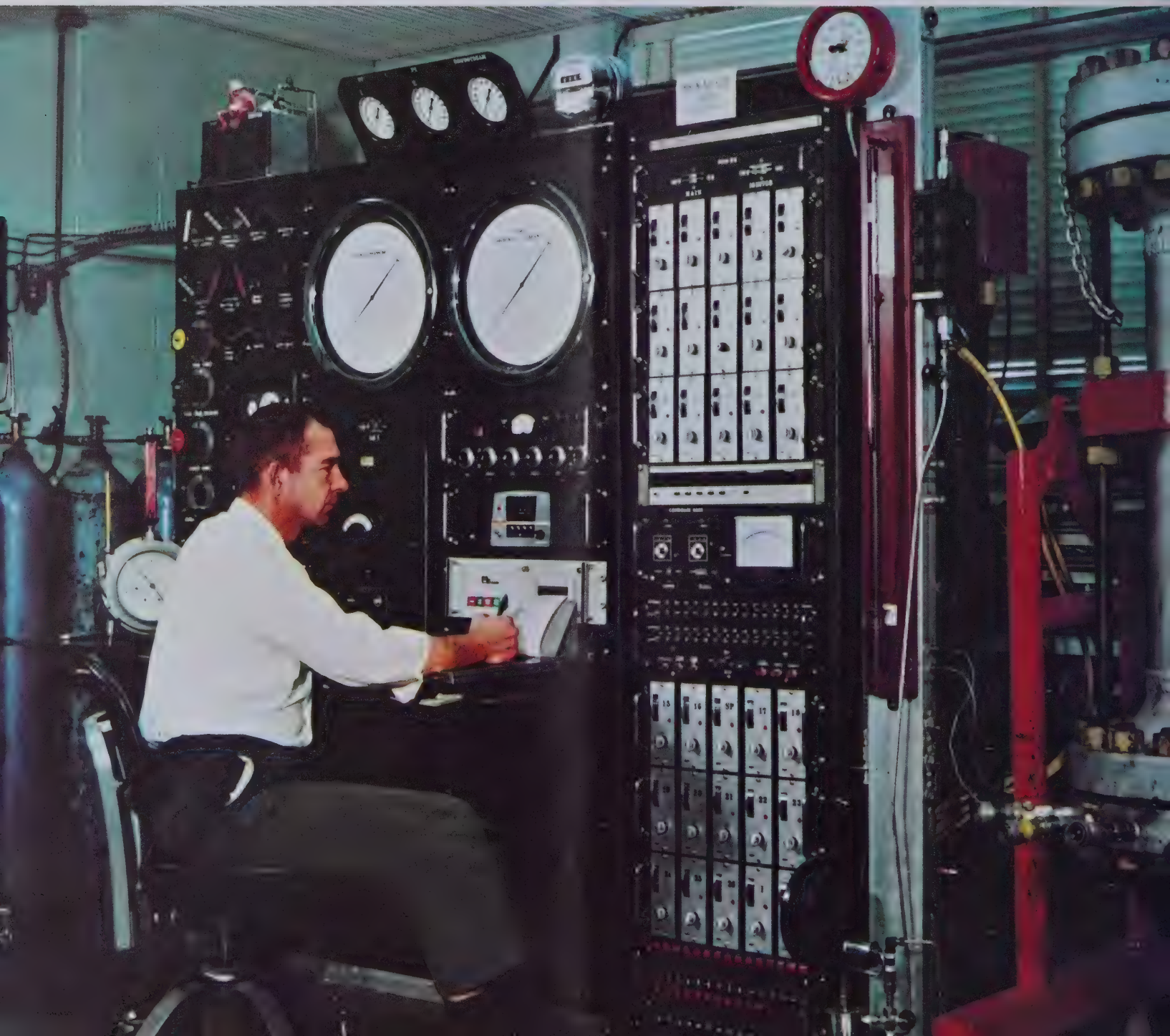
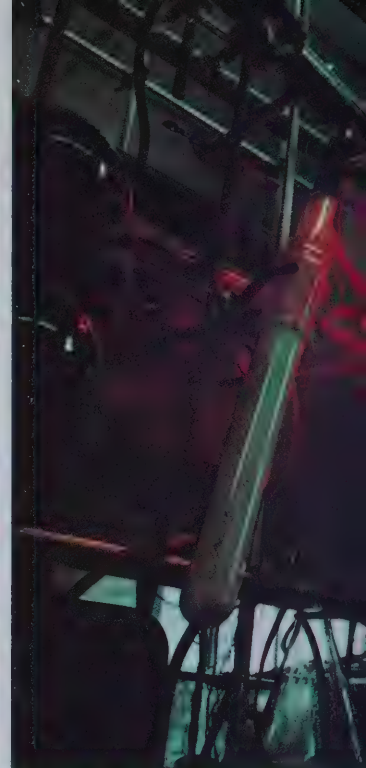




*Octane testing, in the laboratory and in the field, is one of hundreds of control measures that are the reasons for consistent quality in Sunoco products.*

*Major research activities conducted at Marcus Hook, Pa., include catalyst experiments (far right) designed to improve Sun's manufacturing processes.*

*At Richardson Laboratory (below) panels monitor a miniature fireflood in reactor, right, to determine its economic and physical feasibility in the field.*





## Research is vital to the Company in the maintenance of its competitive position

gasoline than initially anticipated.

In the fall of 1968, a \$50-million modernization program at the Toledo Refinery was completed with the dedication of a 21,700-barrel-a-day hydrocracker designed to upgrade catalytic gas oils and heavy naphtha (kerosine) to high quality gasoline. Combining the new complex, which included a gasoline reformer, with two catalytic crackers and an existing gasoline reformer, the refinery is now able to convert an astonishing 80 per cent of its daily crude intake into gasoline. Operating on heavy feedstocks, the refinery can also produce up to 300,000 barrels a month of jet fuel.

One of the Toledo Refinery's most uncommon products is carbon dioxide. The refinery now provides 250 tons a day of this compound to a neighbor, the Cardox Division of Chemetron Corporation. Carbon dioxide finds its way into soda pop, dry ice, foaming agents for firefighting chemicals and millions of aerosol spray cans sold daily.

The products, intermediate or finished, streaming from Sun's refineries are, in large measure, the result of the ingenuity of Company researchers. Sun research is centered primarily in Marcus Hook, Tulsa and Richardson, Tex. A measure of its effectiveness can be drawn from the fact that the Company now holds almost 1,500 unexpired U.S. patents and more than 1,200 foreign patents. To Sun research belongs much of the credit for the increased productivity of the Company's oil and gas reservoirs, the strides made in more efficient and profitable manufacturing processes, the development of the mechanical systems for the dispensing of Custom

Blended gasoline.

The results of production, transportation, manufacturing and research efforts to a large extent are measurable by the Company's marketing performance. In 1968, combined sales of refined products rose to some 7.9 billion gallons, more than half of which was gasoline.

**M**otor products are not only the industry's perennial cash crop, but also are the products with which the largest numbers of the Company's customers are familiar. Today, Sun's customers can buy the Company's branded motor products at almost 17,000 stations in 34 states, the District of Columbia and two Canadian provinces, and Sunoco and DX credit cards may be used at either DX or Sunoco stations. Areas and states in which the Company markets are: Northeast (Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont), Middle Atlantic states (Delaware, Maryland, New Jersey, North Carolina, Pennsylvania, Virginia, Washington, D.C., West Virginia), South (Florida, Georgia, Mississippi, South Carolina), Central states (Illinois, Indiana, Kentucky, Michigan, Ohio, Tennessee, Wisconsin), Midwest (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota), Southwest (Arkansas, Oklahoma) and Canada (Ontario, Quebec). So complementary were the retail marketing territories of the two companies before the merger that Sun and Sunray DX overlapped in parts of only four states and even there only the merest handful of stations competed directly.

Increasingly, Sunoco and DX are concentrating on building higher potential

*continued*





*Attractive and functional, this Sunoco station (at top) was especially designed for a new community now being developed in Columbia, Md.*

*The TravelMart, a feature of many new DX stations on Interstate routes, carries a variety of merchandise, including gift items and food.*

*The design of newer DX stations such as the all-brick Cottage service station (right) complements the architecture of newer residential areas.*







## More than 500 products with Sunoco or DX labels reach markets of the free world

stations along the network of Interstate Highways crisscrossing the U.S. At the beginning of 1968, DX had 135 Interstate stations in operation and another 14 under construction and an additional 101 sites had been acquired for future construction. At the same time, Sunoco had completed 269 Interstates, had another 47 under construction and an additional 149 locations had been selected for possible future development.

Both companies, too, have expended unending effort and millions of dollars in modernizing and improving their stations. Hundreds of stations have been remodeled, enlarged and landscaped while outmoded, lower-gallonage stations were closed. In 1968, Sun earmarked the biggest part of its \$60-million marketing capital expenditures for service station modernization and new construction. One station design being emphasized by Sunoco is the red-brick Colonial topped with a white cupola and golden eagle and a yellow-roofed, low-silhouetted Rancher has been built in several locations.

In 1968, DX capital expenditures for its marketing modernization and expansion program came to \$30 million. Prior to 1968, the "standard" DX station was the Showcase, an all-white structure trimmed in blue. This is giving way to the Cottage station, an all-brick building with chimney and shingle roof, especially designed to fit into residential areas.

Sunray DX, in 1966, introduced its TravelMart station which, in addition to conventional products and services, offers a wide range of travel-oriented merchandise including food, sundries and recreational items. In the same year, DX

pioneered a new travel field by constructing, in combination with a TravelMart, an overnight trailer rest stop near Springfield, Mo. Besides 21 trailer spaces, the park provides a bathhouse, complete restroom facilities, a picnic area and playground.

For the long-distance traveler, Sunoco is signing up "Sunoco Selected Motels," some 800 motels which will accept credit cards for food and lodging. Included are more than 200 Ramada Inns throughout the U.S.

While Custom Blended Sunoco gasolines continued to attract new and old customers to its unique system of selling eight blends of motor fuels, the Sunoco Division, in 1967, introduced a new multi-graded motor oil; this new oil protects engines at more widely varying temperatures throughout the entire year. The same year, DX brought out its own high performance Super Sport Motor Oil to meet the demands of bigger, more powerful engines in sport-type automobiles.

In addition to motor products, Sun, through its Sunoco and DX divisions, makes available a range of more than 500 other petroleum-derived products: home heating oils, liquefied petroleum gas, diesel and jet fuels, marine and outboard fuels and lubricants, industrial oils and greases, agricultural chemicals and such petrochemicals as benzene, cumene, ethylbenzene, ammonia, styrene, toluene and xylenes.

A brief sampling of Sun subsidiary and affiliate companies, either wholly or partially owned, reflects the diversities, as well as the complexities, of the new Sun Oil Company.

Sun Ship, primarily a shipbuilding and

*continued*





Earlier this year work began on a crude core unit and lube plant in Puerto Rico. A model is shown at right. It will cost more than \$100 million.

Nearing completion on a platform (far right) in Lake Maracaibo is South America's largest gas processing plant, built by VenSun and its associates.

Mobile tanks (below) transport agricultural chemicals manufactured and sold by Red Barn Chemicals, Inc., a wholly owned Sun subsidiary.



Great Canadian Oil Sands Limited plant (center) produces synthetic crude extracted from the Athabasca tar sands deposit in northeastern Alberta.

An 80,000-deadweight-ton vessel (right), under construction at Sun Shipbuilding and Dry Dock Co., will join Sun's ocean-going tanker fleet.

Newest refinery (far right), near the West African city of Monrovia, Liberia, can process crude oil from Venezuela, Nigeria and the Persian Gulf.







## The corporate structure embraces subsidiaries that make chemicals and ships

repair yard, also fabricates components used in aerospace and hydrospace. The company built two of the largest—260-inch diameter—casings for housing solid rocket propellant, both of which were successfully test fired by Aerojet General. Sun Ship also constructed the inner hull for Lockheed's *Deep Quest* submersible and the pressure hull for the Navy's Deep Submergence Rescue Vehicle.

In 1966, Sunray DX entered the agricultural chemicals field with the acquisition of Red Barn Chemicals, Inc. Red Barn produces agricultural chemicals in four manufacturing and blending plants, selling them through more than 100 wholesale and retail outlets in a six-state area. Somewhat similarly, SunOlin, an equally owned affiliate of Sun and Olin Mathieson, founded in 1958, produces urea from ammonia. Urea, a valuable agricultural chemical, is also used in the manufacture of explosives, pharmaceuticals and other products.

And, as Sun management looks toward the future progress of the Company, still other projects, other directions, are forthcoming. Again, a brief sampling shows the variety and extent of these.

At Lake Maracaibo, Venezuela, the Company last year became one of a number of partners in a program which will include a gas processing plant and natural gas plant. First unit under construction is a \$26-million gas processing plant, to be followed by the onshore natural gas liquids fractionating plant. Under consideration is a 1,500-ton-a-day ammonia plant, which would be one of the largest in the world.

Late last year, the DX Division announced that it would build a \$5.6-million,

100,000-ton-a-year fertilizer complex on the Caribbean islands of Martinique and Guadeloupe. The main plant will be located on Martinique and a warehouse and packaging plant will be established on Guadeloupe. The complex will be established under the name of Société Antillaise de Produits Chimiques, a French corporation which will be 80 per cent owned by Sun. Products, which will be marketed throughout the Caribbean, are expected to be used mainly on such agricultural crops as sugar cane, bananas, pineapples and cocoa. The plant will operate on anhydrous ammonia, phosphoric acid, potash and other base materials which will be imported into the islands.

**L**ate in 1968, Puerto Rico Sun Oil Company, a wholly owned subsidiary, announced that it is going ahead with construction of a core crude unit and a lubricating oil plant on the Island Commonwealth of Puerto Rico, representing an investment of more than \$100 million. Construction will get under way in early 1969. Import allocations for the complex are 66,000 barrels a day of crude oil into Puerto Rico with the right of access into the continental U.S. for 30,700 barrels a day of petroleum products.

Again in late 1968, the Company announced the signing of an agreement with Global Marine, Inc., to explore more than 6.5 million offshore acres in the Arctic Islands for oil and gas structures. Sun, by conducting the first phase of the exploratory work, beginning with air magnetometer surveys in mid-1969, will secure a half-interest in Global Marine's five million acres. The bulk of that acreage is in

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# The search for new reserves holds an enlarging role for synthetic crude sources

the Sverdrup Basin, primarily in Ballantyne Strait, MacLean Strait and Hassel Sound. Sun also holds leases on 1.63 million acres in the Beaufort Sea; some of the acreage is less than 700 miles from the North Pole.

Still other projects look even further into the future of the total energy picture. One such project is already in existence in northern Alberta, Canada, where Great Canadian Oil Sands Limited began commercial development of the Athabasca tar sands in October, 1968. The tar sands, a mixture of quartz sand and clay impregnated with heavy oil and mixed as thoroughly as molasses in a can of coffee grounds, are vast in extent; their nearly six million acres hold an estimated 626 billion barrels of oil, from which 300 billion barrels of processed oil may eventually be recovered. The \$235 million mining and processing complex is now operating on a 4,500-acre lease on the Athabasca River. GCOS's operations have not been free of the troubles which are likely to crop up in any venture as unique and pioneering as it is. Since the plant became operational last October, daily production of synthetic crude oil has averaged approximately 50 per cent of the allowable output. Additional capital expenditures are under consideration to improve productive capacity and allow greater operational flexibility.

Last August, the Company reported that it had acquired almost 15,000 acres of coal lands in southwestern Wyoming as a potential future source of raw material. Although there are no immediate plans to build a liquefaction plant, these leases contain an estimated 600 million tons of coal,

enough to supply a 100,000-barrel-a-day plant for 40 years using presently known technology.

Cordero Mining, one of Sun's oldest subsidiary companies, has virtually abandoned its traditional mercury mining operations to concentrate on exploring for and mining minerals and such elements as uranium. Last year, the company became the owner and operator of a small but profitable uranium mine. Cordero also has been involved in drilling for geothermal energy (steam) in a hot springs area of coastal California.

**F**rom the California coast to the Persian Gulf, from Alaska to Australia, Sun is a company on the move, strengthening its position in the conventional petroleum industry while at the same time continuing to expand into other, more venturesome, longer-range projects. And the catalyst which makes it possible are 29,500 Sun Oil Company employees—driving a truck, studying a reservoir report, typing a letter, making a management decision, programming a computer, monitoring a refinery stream, evaluating the mysteries locked inside a hydrocarbon molecule, designing a refining unit, charting the course for a tanker, bidding for a pipeline right-of-way. Welder, clerk, accountant, bricklayer, technician, draftsman, salesman, lawyer—all represent the great driving force of the Company. For the people who make the new Sun Oil Company go, shareholders and employees alike, it is the dawn of a new day, a new day of challenge and opportunity whose limits can yet hardly be envisioned. ♦





## Charting SUN'S World

As the photographs above indicate, Sun is at work in many corners of the world: Iran, Japan, Europe, the Caribbean, Borneo, Africa—as well as the U.S. and Canada. Although the U.S. remains Sun's single, most important market, the maps that follow present a company increasingly global in scope. Major marketing and production areas, refineries, other manufacturing plants, transportation routes—are pinpointed on two separate renderings: One, a map of the U.S. and Canada, the other, a world map. Production activity, frequently the vanguard of Sun's action, even now restlessly rearranges the newly defined boundaries with exploration about to get underway in the Arctic regions. Also noteworthy in charting the new world of Sun on the next five pages are the greatly expanded marketing territory at home and the first appearance of manufacturing facilities outside the continental U.S. and Canada, principally in Africa and the Caribbean. (For quick reference, or framing, this portfolio has been designed for easy removal as a unit.)



With operations being carried out on six continents, the Sun standard flies over every conceivable type of terrain and in virtually every climate, frequently represented by a production subsidiary or marketing activity. Worldwide sales of products and crude oil are supervised by Sun Oil International from Philadelphia. New to the Sun international scene are manufacturing facilities in Liberia and in Venezuela's Lake Maracaibo. Tanker fleets serve Sun's customers abroad from both its domestic and foreign manufacturing facilities. An addition to the manufacturing scene, the Puerto Rico plant will also serve important markets.



## Countries Where Sun Products Are Sold



World tanker routes



Domestic and Canadian refineries



Foreign refineries

Liberia Refining Company



## Other Domestic and Foreign Manufacturing Plants:

Puerto Rico Sun Oil Company lubricating plant facilities

Société Antillaise de Produits Chimiques, Martinique and Guadeloupe fertilizer complex (completion 1970)

Venezuelan Sun Oil Company processing facilities



## Foreign Marketing Subsidiaries:

British Sun Oil Company, Limited

Netherlands Sun Oil Company

Sun Oil Company (Belgium) S.A.

International Fuel Corporation, Liberia



## Foreign Production Subsidiaries:

### Caribbean:

Bahamian Sun Oil Company

Trinidad Sun Oil Company

### South America:

Argentine Sun Oil Company

Sunray Colombia Oil Company

Sunray Venezuela Oil Company, Inc.

Venezuelan Sun Oil Company

### Europe:

Deutsche Sun Oil Company

Hispanic Sun Oil Company

Noordzee Sun Oil Company

North Sea Sun Oil Company, Limited

### Middle East:

Dubai Sun Oil Company

Iranian Sun Oil Company

Sunray Iranian Oil Company, Inc.

### Africa:

Sunray Mozambique Oil Company

Sunray Nigeria, Inc.

### Australasia:

Australian Sun Oil Company, Limited

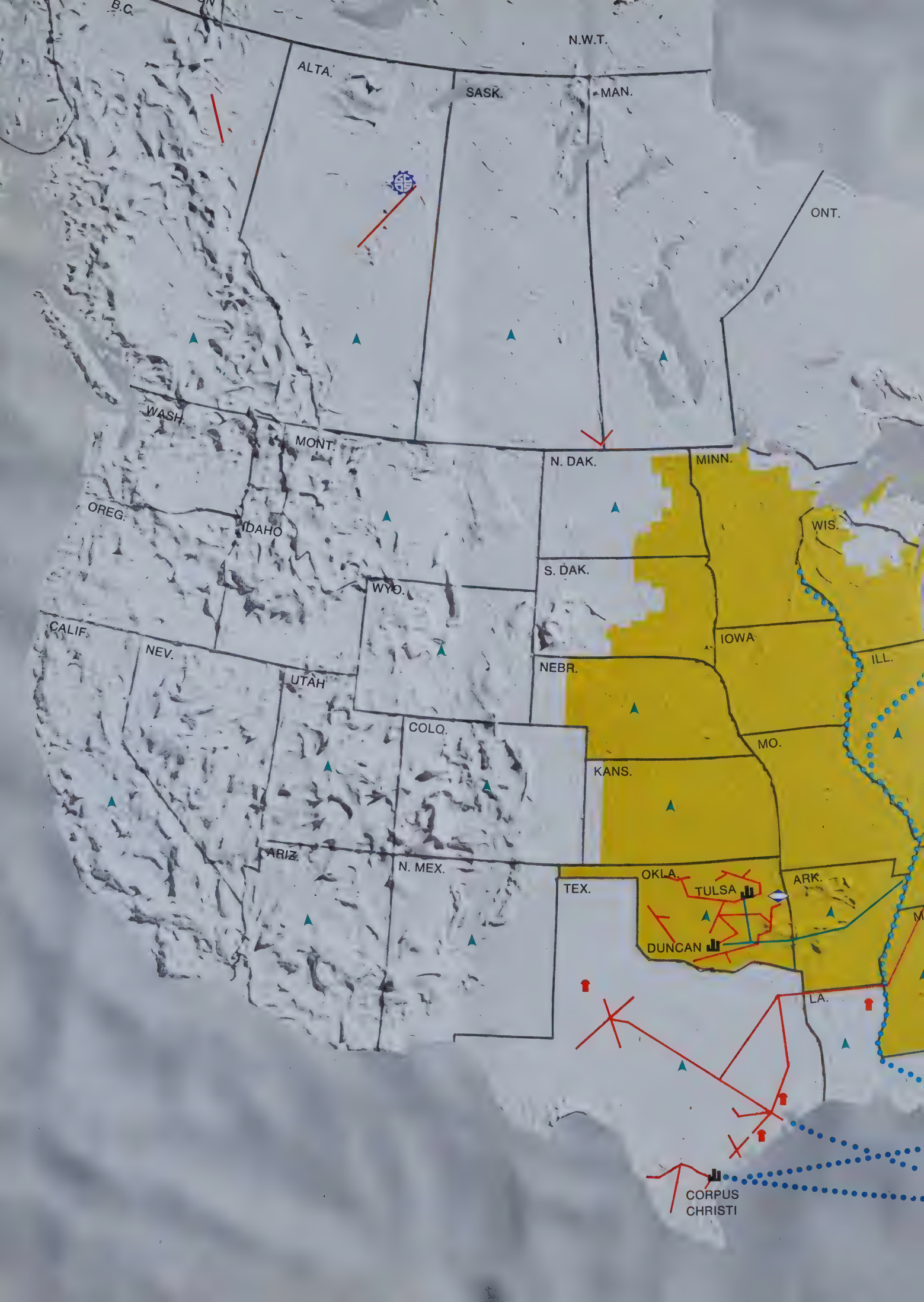
Sunray Australian Oil Company, Inc.

Sunray Borneo Oil Company, Inc.



























## Charting SUN'S World

**Sun markets motor products** directly in 34 states and the District of Columbia. In addition, industrial products are sold throughout the continental U.S. and in Hawaii (see world map). In Canada, direct retail outlets are found in Quebec and Ontario, while industrial products are marketed widely throughout the provinces and territories.

To transport its crude and refined products Sun has more than 8,000 miles of pipelines and operates a fleet of ocean-going tankers and barges, serving terminals along the Gulf and Atlantic Coasts. Barges also ply inland waterways.

Through subsidiaries, Sun is a major ship-builder and manufacturer of fertilizers and food supplements for beef cattle.

-  Corporate headquarters
-  Division headquarters
-  Motor products marketing territory
-  Refineries
-  Oil and gas production
-  Major tanker and barge routes
-  Crude pipelines
-  Product pipelines
-  Sun Oil Company Limited, Toronto
-  Great Canadian Oil Sands mining and processing
-  Sun Shipbuilding and Dry Dock Company, Chester, Pa.
-  Red Barn Chemical Company facilities, Tulsa-based subsidiary
-  SunOlin Chemical Company, Claymont, Del. (affiliate)
-  Standard Naphthalene Products Company, Inc., Kearny, N.J. (affiliate)





*First bulk plant was established at Detroit, Mich., in 1899. City traditionally has been an important market for Sunoco motor and industrial products.*

# Sunoco: YEARS OF CHALLENGE

by James P. Dougherty Jr.

**Established more than eight decades ago in the oil fields of northwestern Ohio, Sun developed over the years into a major U.S. company with marketing, transportation and production operations in all parts of the world**

**T**HE CLOSING HALF OF THE 19TH CENTURY in the U.S. was a time of discovery and invention which led to the foundation of much of America's basic industrial might. The U.S. was displaying tangible signs of the promise that would, in not much more than another half century, build an unsurpassed economy. It was an age of ferment when immigration swelled the country's population. Great cities were emerging in the East and Midwest while pioneers continued to open public lands through the Homestead Act. New conveniences were improving communications—the telephone and telegraph, electric trolleys and railroads.

Contributing to the boom was the petroleum industry. Focal point of the industry was Titusville, Pa., where the first oil well was drilled in 1859 by Colonel Edwin L. Drake. This same town, which spawned

one of the world's great industries, also nurtured the beginnings of one of the Nation's major corporations. Here, two men, Joseph Newton Pew and Edward O. Emerson, formed a business partnership that was to lead to Sun's founding.

In 1870, at the age of 22, Mr. Pew had moved to Titusville from his birthplace in Mercer, Pa., to become a real estate operator in oil lands. Six years later he and Mr. Emerson, a Titusville banker, became affiliated in transporting natural gas by one of the earliest industry pipelines to the oil fields of Bradford, Pa. First used as a fuel to heat drilling rig boilers and to pump oil wells, the gas was, eventually, to supply Bradford residences with heat and light. In 1882, the partners acquired control of a gas well in Murrysville, Pa., and shortly thereafter incorporated the Penn Fuel Company to pipe fuel from the well to

*continued*



## The Company's expansion was directly influenced by the discovery, in 1901, of Spindletop, the largest known oil field found up to that time

Pittsburgh, the first U.S. city furnished with natural gas. After selling Penn Fuel in 1884, Messrs. Pew and Emerson incorporated the Peoples Natural Gas Company, a supplier that became a Penn Fuel competitor.

At this time the first major petroleum discoveries outside western Pennsylvania were made near Lima, Ohio. Attracted by these finds, the partners sent Mr. Pew's nephew, Robert C. Pew, to investigate. On his recommendation, Peoples Natural Gas obtained two leases in 1886 for oil exploration, drilling and production. The true beginnings of Sun are traced to this venture.

Robert Pew was put in charge of the Ohio operations. To supply crude more economically to the refineries around Lima and Toledo, J. N. Pew recommended building a pipeline. He and Mr. Emerson incorporated The Sun Oil Line Company in 1889, a venture that was to make them one of Ohio's leading suppliers of crude. They built and acquired pipelines, leases, storage tanks and tank cars. In 1890, all these operations were incorporated as The

Sun Oil Company (Ohio).

Four years later, in association with Merriam & Morgan Paraffine Company of Cleveland, Sun incorporated the Diamond Oil Company to purchase a failing Toledo refinery. With Robert Pew as manager, the refinery, forerunner of today's multimillion dollar installation in that city, began operations in 1895 on a 14-acre site. Shortly thereafter, Sun purchased Merriam and Morgan's share of the Diamond Company.

As the 19th Century drew to a close, J. N. Pew, aware that the natural gas fields of western Pennsylvania were waning, decided to devote his energies to liquid petroleum. In 1899, he purchased Mr. Emerson's interest in The Sun Oil Company (Ohio), and in 1903 they dissolved their final business link by selling their natural gas interests.

Two years later an unprecedented oil discovery considerably altered the course of the Company's history. Spindletop, the greatest field up to that time, came in near Beaumont, Tex., on January 10, 1901. At J. N. Pew's direction, Robert Pew went to Texas to survey the field. Encouraged by what he found, he returned to Toledo and sent his younger brother, J. Edgar, to Beaumont. It was J. Edgar's job to learn all he could about Texas's first major oil discovery.

In the East, meanwhile, J. N. Pew was planning the Company's first major expansion project. On May 2, 1901, he incorporated the Sun Company in New Jersey. Pushing ahead, he negotiated an agreement with the United Gas Improvement Company of Philadelphia to finance

a refinery near Philadelphia that would process Texas crude. UGI was a major customer of gas-oil produced at the Toledo Refinery and readily saw the substantial saving in transportation costs to be realized by purchasing the product it needed close to Philadelphia. UGI subscribed to 45 per cent of the Company's stock; Mr. Pew and his associates held the balance.

In Texas, J. Edgar Pew was given authority to buy crude as soon as he had established transportation and storage facilities. On a 42-acre site on the Neches River, which he called Sun Station, Mr. Pew erected storage tanks serviced by a newly constructed pipeline from Spindletop. At Sun Station, crude could be shipped by water or rail, the first shipments being sent by tank car to the Toledo Refinery.

Before the year was over, J. N. Pew had begun construction of a refinery on 82 acres on the Delaware River at Marcus Hook, Pa., near Philadelphia. Marcus Hook was a natural choice for the new refinery to serve the big Eastern markets. Not only did its location provide access to the sea, but it was situated along the Pennsylvania and Reading Railroads and could receive crude via pipelines connected to the oil fields in western Pennsylvania. The first shipment of Texas crude arrived at the refinery in March, 1902, aboard the Company's first tanker, the *S. S. Paraguay*, a converted Great Lakes ore carrier.

Sun's Texas facilities were enhanced when J. Edgar bought the assets of the bankrupt Lone Star and Crescent Oil Company. Lone Star owned a tract and storage tanks and a pipeline at Spindletop. In addition, an attractive feature of the

*The Spindletop discovery prompted the building of Sun's second refinery on the Delaware River at Marcus Hook, Pa. The first shipment of crude from Texas*







*Sun moved into Texas oil production with the Spindletop discovery in 1901. This Company well, with wooden derrick, was producing at Saratoga, Tex., about 1908.*

*The accounting department had bright, new offices in 1923 at Marcus Hook. Building still stands as a small corner of the Refinery's office and research complex.*



purchase was a marine terminal on deep-water, 33 miles from Spindletop.

The crude shipped from Spindletop was of special interest to J. Howard Pew, J. N. Pew's second son. Joining the Company in 1901, he quickly became involved in a research project to find a more profitable use for the black residue from refined Texas crude. It was usually sold as an industrial fuel, but J. Howard's experiments at the Toledo Refinery led to the upgrading of the residue into a lubricating oil that

was marketed as Sun Red Stock. Sold worldwide, Sun Red Stock was one of the most profitable items produced by the Company at that time. In addition to being a lubricant itself, it could be used as an additive to upgrade other lubricants.

J. Howard and his researchers continued their work at Toledo. By 1904, they perfected a process to produce a high-quality asphalt. Known as Hydrolene, it was the first trademarked product produced by Sun. The Company's line of products continued to grow; by 1910 Sun was selling over 100 trade-name products.

Progress was also being made in the production fields west of the Mississippi. In 1909, J. Edgar established the Twin State Oil Company, a Sun subsidiary active in the oil fields of Oklahoma, and in the same year Sun discovered oil in Louisiana.

The first phase of Sun's history ended on October 10, 1912, when the Company's founder died in his downtown Philadelphia office. Before the month was over, 30-year-old J. Howard Pew was named president and his brother, Joseph N. Pew Jr., was elected vice president. The two brothers took control of the Company on the eve of World War I. In 1915, when J. Howard traveled to Great Britain and Germany to survey Sun's marketing operations, he learned about the German U-boats and the potential hazard they might be to shipping. Soon after the U-boats began to wage an effective campaign at sea, the Pew brothers took measures of their own to help provide more ships. With the proceeds from the sale of a tanker that was being built for the Company they constructed their own shipyard

at Chester, Pa. The Sun Shipbuilding Company (now Sun Shipbuilding and Dry Dock Company), opened in May, 1916, and launched its first ship, the *S. S. Chester Sun*, on October 30, 1917.

After the World War I hiatus, Sun accelerated its growth rate. In 1915, Sun Oil Company of Delaware dedicated a refinery at Yale, Okla. The Marcus Hook Refinery was enlarged. An office was opened in Dallas, Tex., in 1918 to better administer the Company's expanding production acreage. Sales volume increased more than threefold to \$31 million. And the ocean-going fleet had been expanded to 10 tankers.

Like the rest of the world, the oil industry and Sun were considerably changed at the close of the war. In 1918, Sun purchased UGI's share in the Company. But even more changes were in store in the years that immediately followed. Long a major supplier of lubricating and industrial oils, Sun entered the motor products business in 1919, when Sunoco Motor Oil and gasoline were introduced to the public. Sun Company of Canada, Ltd. and Netherlands Sun Oil Company were also organized to market products. The following year the first Company service station was opened in Ardmore, Pa. And in 1922, the Company's charter was amended to change the name from Sun Company to Sun Oil Company.

**A** significant step in Sun's development occurred in the mid-Twenties when the New York Stock Exchange listed Sun stock, making it a publicly owned company. Sun's Stock Purchase Plan for employees followed the first offer of stock to

*continued*

*ved aboard the Company's first tankship in 1902.*





the public, on November 12, 1925.

The years prior to the economic breakdown of 1929 were good ones for the Company. In 1926, the first Mercury Vapor plant was manufacturing the famous "Mercury-Made Motor Oils." Blue Sunoco, for many years after a familiar name to motorists, was introduced in 1927. Sun researchers had perfected a thermal cracking process which offered the public a single grade of premium, lead-free, high-octane gasoline that sold at a regular price. This innovation paved the way for the expansion of retail and wholesale outlets. In 1928, the Toledo Refinery was modernized and one year later the Company moved its General Office to its present location at

1608 Walnut Street in Philadelphia.

Like other business and industry, Sun was hard hit by the economic collapse that followed 1929. Gross operating revenue dropped from \$98 million in 1930 to \$69 million in 1931; net income toppled from \$7.75 million to \$3.1 million. Despite this gigantic loss, Sun continued to grow throughout the 1930's because, as President J. Howard Pew stated in the 1931 Annual Report, the Company believed "this to be an opportune time to complete its building and improvement program." In 1931, a pipeline was completed between the Marcus Hook Refinery and Cleveland. Later extended to Syracuse, it was the first line especially built for moving refined

products to marketing areas. The same year, \$9.5 million was invested in updating the Company's tanker fleet. Work was completed in 1932 on the enlargement of the Marcus Hook Refinery. In 1935, Sun Oil Company (Belgium) was organized. One year later, the products pipeline was extended from Twin Oaks, Pa., to Newark, N.J.

Perhaps the most important achievement during the 1930's, for both Sun and the oil industry, was the development of catalytic cracking. This form of cracking, worked out on laboratory scale by a French chemical engineer, Eugene J. Houdry, was superior to then current thermal cracking

#### YEARS OF CHALLENGE *continued*

**Sunoco gasoline and motor oils were introduced to the public as the 1920's broke to meet the swift upsurge in the ownership of automobiles**

*By 1915, a familiar sight on Toledo's cobbled streets was a Sun fleet of trucks hauling products from the refinery to customers in the city.*

*One of the major expansion projects completed by the Company during the 1930's included the Marcus Hook-Cleveland-Syracuse products line.*

*The pagoda-inspired eyebrow design of this 1933 service station (below, right) in Richmond, Va., had been introduced in 1920 in Ardmore, Pa.*





in that catalytic cracking not only produced more gasoline but gasoline of much higher octane quality. Working with Mr. Houdry, Sun's manufacturing and research departments gave catalytic research priority attention and made indispensable contributions to the design and construction of the world's first, full-scale commercial catalytic cracking plant. On April 19, 1937, Sun revolutionized the refining industry when it placed its plant on stream, after four years of intensive research and the expenditure of \$11 million.

Increased activities at the Company's two major refineries were complemented by activities taking place in the production fields. Sun had a five per cent interest in

the huge East Texas Field and aided development of about a half dozen other fields in Texas and Louisiana.

Innovation also brought more success to Sun Ship. In 1937, the yard launched the first all-welded, ocean-going tanker, the *J. W. Van Dyke*. It became the fore-runner for the all-welded T-2 tankers; about 80 per cent of the tankers that served the Allied cause during World War II were T-2's. Altogether, Sun Ship, the world's largest, privately owned shipyard during the war, built 240 wartime tankers. The yard also worked on about 1,000 other ships used in the war effort.

Because of its superior catalytic cracking capacity, Sun was well prepared to

meet the needs of war in 1941 with its refineries at Marcus Hook and Toledo (the Yale, Okla., refinery was discontinued in 1941). At Toledo a plant was built to produce butadiene, the raw material needed for the manufacture of synthetic rubber. In 1943, 15 Plant was dedicated at Marcus Hook. It was the largest aviation gasoline plant in the world up to that time and part of a \$13-million program in which four catalytic cracking units were converted for the production of aviation fuel. In 1945, as the war drew to a close, the Marcus Hook Refinery, equipped with the largest catalytic cracking facilities in the world, was shipping to Allied forces an average of 1.1 million barrels a month of 100-octane aviation gas, more than that produced by any other refinery on earth.

The disaster of war struck Sun directly. Company tankers were attacked by enemy submarines nine times. Four ships were sunk and 141 crew members perished. By the time the war ended, nevertheless, Sun's fleet of 17 tankers had traveled some 2.4 million convoy miles and had transported 41 million barrels of petroleum products.

Sun management spent the immediate postwar years planning the Company's expansion. In 1947, Sun's comptroller, 37-year-old Robert G. Dunlop, was elected president. J. Howard Pew, president for 35 years, remained a director and Joseph N. Pew Jr. became chairman of the board until his death in 1963, when J. Howard became board chairman.

The postwar years marked a new era of unprecedented growth that continued unabated over the next two decades. Overall crude oil production rose from 28.9 million barrels in 1946 to 82.8 million barrels in 1967. During the same span of time producing acreage increased from 360,000 to 467,000 acres. This expansion was both domestic and foreign. In 1949, the Canadian Production Division opened offices in Calgary, Alberta.

Although the Company traditionally had been a North American producer of oil and gas, it went abroad during the 1950's in search of reserves. In 1956, a Foreign Operations Section was formed within the Production Department and the Latin America Production Division was established. On November 29, 1957, a well operated by Venezuelan Sun Oil Company in Lake Maracaibo made the Company a major international producer. It came in producing more than 7,000 barrels a day, establishing VenSun as a major subsidiary. Foreign exploration and production efforts extend far beyond the borders of Venezuela, however. Sun and its associates made important discoveries of natural gas during the 1960's in the North Sea off the British coast and of crude oil in the Persian Gulf off the coasts of Iran and the Sheikdom of Dubai.

*continued*



*Sun Ship launched its first vessel, the S. S. Chester Sun, on Oct. 30, 1917. Yard now makes aerospace and hydrospace components as well.*

*The world's first, large-scale commercial catalytic cracking plant, a Sun development, went on stream in 1937 at the Marcus Hook Refinery.*





**A significant oil discovery by VenSun in Lake Maracaibo, in 1957, made the Company an important international producer of crude oil and gas**

True to its reputation as a pioneer in the oil industry, Sun in the summer of 1964, started construction on what was to be the first commercial facility to make synthetic crude from the Athabasca tar sands, the Great Canadian Oil Sands Limited plant.

Keeping pace with production activities during the postwar years has been the Company's capacity to process increased crude runs. Some 57.9 million barrels were refined at Sun's two refineries in 1946. More than two decades later, in 1967, its three refineries were processing 97.9 million barrels. Increased runs were made possible by the expansion and upgrading of manufacturing facilities. One of the first moves in this direction after the war was the completion in 1950 at Toledo of the first Houdriflow plant (a type of catalytic cracker) in the world. Three years later Sun began to produce petrochemicals when two new plants were built at Marcus Hook and one at Toledo. In November, 1953, the Company's first refinery in Canada was put into operation at Sarnia, Ontario.

Other major improvements followed. In 1955, anhydrous ammonia and sulfur recovery plants were completed at Marcus Hook. An \$8-million naphthalene plant was built at Toledo in 1961. Two years later a \$17-million fluid catalytic cracking unit went on stream at Marcus Hook. At Belle Isle, La., a \$3.5-million plant was completed in 1967 to process 100,000 gallons a day of liquefiable petroleum gases used, among other purposes, for home heating and cooking.

The pre-merger growth period also saw substantial expansion of Sun's transportation facilities. For example, in 1946, the Company's ocean-going tankers moved an estimated 43 million barrels of crude between the Gulf Coast and the Marcus Hook Refinery. In 1967, nine tankers delivered more than 51 million barrels to Marcus Hook even though more than 15 per cent of fleet ship time was also chartered to other companies.

In 1949, Sun and Standard Oil Company (Ohio) organized the Mid-Valley Pipeline Company. This cooperative venture resulted in the construction of a 1,000-mile pipeline that brings crude from Texas to Sun's Toledo Refinery and Standard refineries in Kentucky and Ohio. Since then improvements have been made to Sun's



*The S.S. Pennsylvania Sun, torpedoed during World War II, made it back for repairs. Four other Sun ships were lost at sea, however.*

*Dedicated in 1953, Sun Oil Company Limited's refinery at Sarnia, Ontario, became the first Sunoco manufacturing facility outside the U.S.*



pipelines, the most recent being the expansion, in 1967, of a section of the products pipeline between Marcus Hook and Toledo.

Sun's research and development facilities have been enlarged considerably during the past two decades. In 1955, a new Production Research and Development Center, designed to improve techniques of petroleum discovery and production, was opened at Richardson, Tex. The same year researchers moved into the Applied Physics Laboratory, a section of the Research and Development Division at Newtown Square, Pa., near Philadelphia. Two

years later Sun dedicated a modern \$2.5 million Research and Development Laboratory at Marcus Hook.

One of the most striking innovations within the oil industry came in 1956 when Custom Blending was introduced to the motoring public in Florida. By mid-1958, all Sunoco service stations in the U.S. and Canada were offering six grades of gasoline. The expansion of Custom Blending to its present rate of eight grades is a tribute to the public's early, enthusiastic acceptance of the system.

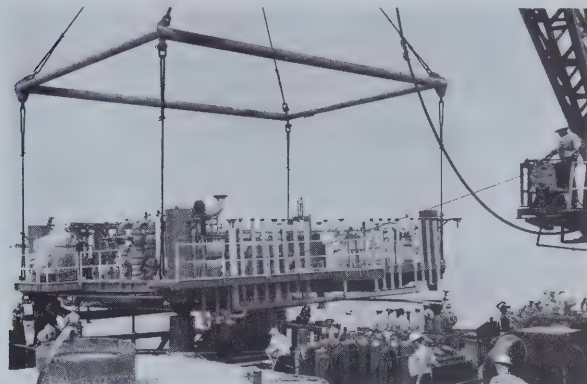
Along with premium-quality products





*First successfully tested in Florida in 1956, the Custom Blending pump, which now offers a choice of eight grades of gasoline, had spread to all Sunoco service stations by 1958.*

*The first flow station to appear in Lake Maracaibo in tracts leased by VenSun and its associates was prefabricated in the U.S. and barged to Venezuela in 1959.*



*In 1960, Sun held a most unusual luncheon 420 feet below the Marcus Hook Refinery. The occasion was the dedication of a cavern now being used to store propane.*



*The Toledo Refinery's naphthalene plant, built in 1961 for \$8 million, made Sun an important producer of petrochemicals. At right are the recovery towers of the plant.*

at competitive prices, Sunoco customers were also treated to expanded and improved services in recent years. The Sunoco Touring Service, in addition to maps, road conditions and weather factors, began offering information about how to travel with children, camping, gasoline taxes. To make it easier for the vacationer to conserve his cash on hand in non-Sunoco territory, credit exchange agreements were made with several other oil companies. Sunoco customers can now use their credit cards in 50 states and most of Canada.

Nor was the customer appeal of service stations ignored. Following the material

shortages of postwar years, Sunoco embarked on a continuing program of service station beautification, resulting in prize-winning original designs and landscaping.

One real measure of the Company's success can be gauged by looking at the Company's financial growth during the years between World War II and the merger with Sunray DX. Net assets rose from \$206.5 million in 1946 to \$1.02 billion in 1967. Revenues in 1946 were \$306.6 million; in 1967, \$1.2 billion. Net income in 1946 was \$14.7 million; in 1967, it was \$108.6 million.

This, then, is where Sun stood last fall

as Company officials and employees awaited final approval of the merger. The Company rested firmly on the bedrock of more than 80 years of progress, an uncompromising time of development in which the success of a free society depended on man's achieving the greatest industrial economy in known history. Sun had reaped its rewards by closely adhering to J. N. Pew's philosophy that "the way to be successful in America is to give the people better quality and value." It has proven to be a timeless dictum, one that worked well in the past, and one that will belong to Sun's future. ♦



# THE MEN AT THE HELM



*Leaders of the Board are, from left, President Robert G. Dunlop, Deputy Chairman Paul E. Taliaferro and Chairman J. Howard Pew.*

## **SUN'S BOARD OF DIRECTORS** Elected by the shareholders and responsible to them is the Board of Directors, whose 18 members bring a wide range of specialized knowledge and expertise to Company affairs

**R**ESPONSIBLE DIRECTLY TO SHAREHOLDERS for the conduct of the Company's affairs are the men who guide Sun Oil Company: its 18-member Board of Directors pictured here.

Membership on the present Board has been drawn from Sun's and Sunray DX's previous boards and, following tradition, most members are, or have been, officers of one or the other companies. By drawing its membership chiefly from officers, the Board as a group can summon within itself detailed

knowledge of the Company's affairs and counsel in a broad spectrum of business and industrial disciplines, ranging through accounting, engineering, research, refining, marketing, production, transportation and finance.

Elected by shareholders, the Board has a wide scope of authority and responsibility. It establishes the Company's policies. It elects the Executive Committee and the officers of the Company and oversees the management of the business affairs and properties of

the Company in the interests of the stockholders.

Senior member of the Board is its chairman, J. Howard Pew, whose father, J. N. Pew, founded Sun. He has served as chairman since 1963 and prior to that had been Sun's president from 1912 to 1947. In all, his service to Sun spans 68 years.

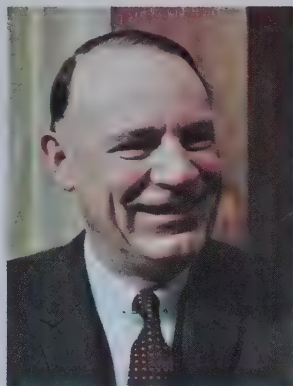
Paul E. Taliaferro, Sunray DX's board chairman from 1964 to 1968, became deputy chairman of the new Board when the merger was consummated. He is empowered to act in the absence of the Board chairman.

President Robert G. Dunlop, Sun's president since 1947, is chief executive officer, responsible for supervision and control of the corporation's policies, subject to action of the Board. ♦

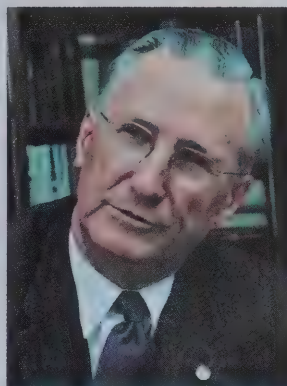




W. T. ASKEW  
Vice President, Refining  
Sunoco Division



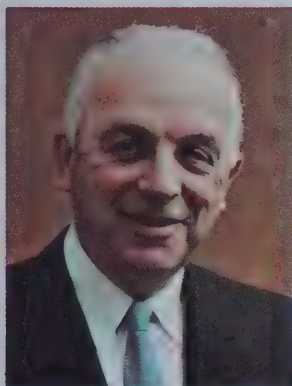
DARWIN W. FERGUSON  
Executive Vice President  
in charge of Sunoco Division



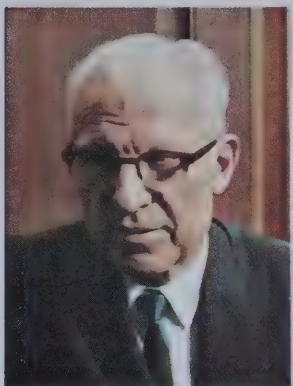
CHALMER G. KIRKBRIDE  
Vice President  
Research and Engineering  
Sunoco Division



WALTER C. PEW  
Director  
Sun Oil Company



E. R. BRADLEY  
Vice President, Marketing  
Sunoco Division



R. E. FOSS  
Executive Vice President  
in charge of DX Division

SUN'S BOARD NOW has 18 members; five is the minimum permitted under the Company's bylaws. Messrs. Douma, Foss, Henry and Taliaferro were members of the Sunray DX Board at the time of the merger, when they joined Sun's Board. Mr. Rodgers, who had been on Sunray's Board, and the Messrs. Collins and Layton were elected to the Board in December, 1968. Other directors had been members of Sun Oil's previous Board.



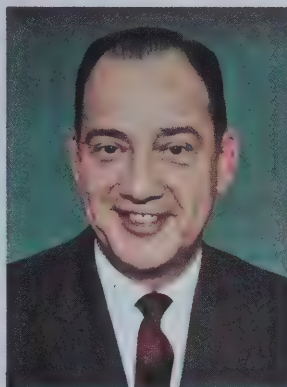
L. GAYLE RODGERS  
Senior Vice President  
Commercial Operations  
DX Division



JACK A. COLLINS  
Vice President, Transportation  
Sunoco Division



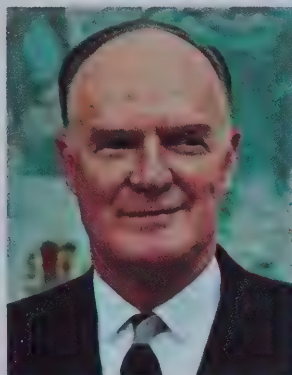
R. PAUL HENRY  
Senior Vice President  
Finance and Planning  
DX Division



JOSEPH R. LAYTON  
Comptroller  
Sun Oil Company



KINGSLEY V. SCHROEDER  
Vice President, Production  
Sunoco Division



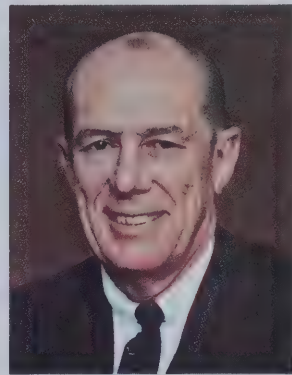
JOHN H. DOUMA  
Senior Vice President  
Extractive Operations  
DX Division



DONALD P. JONES  
Vice President  
Sun Oil Company



JNO. G. PEW  
Director  
Sun Oil Company



JOSEPH T. WILSON JR.  
Secretary-Treasurer  
Sun Oil Company





*High-quality crude from Cushing Field, discovered in 1912 along the Cimarron River, figured importantly in the Tulsa Refinery's early growth*

# Sun's DX Heritage

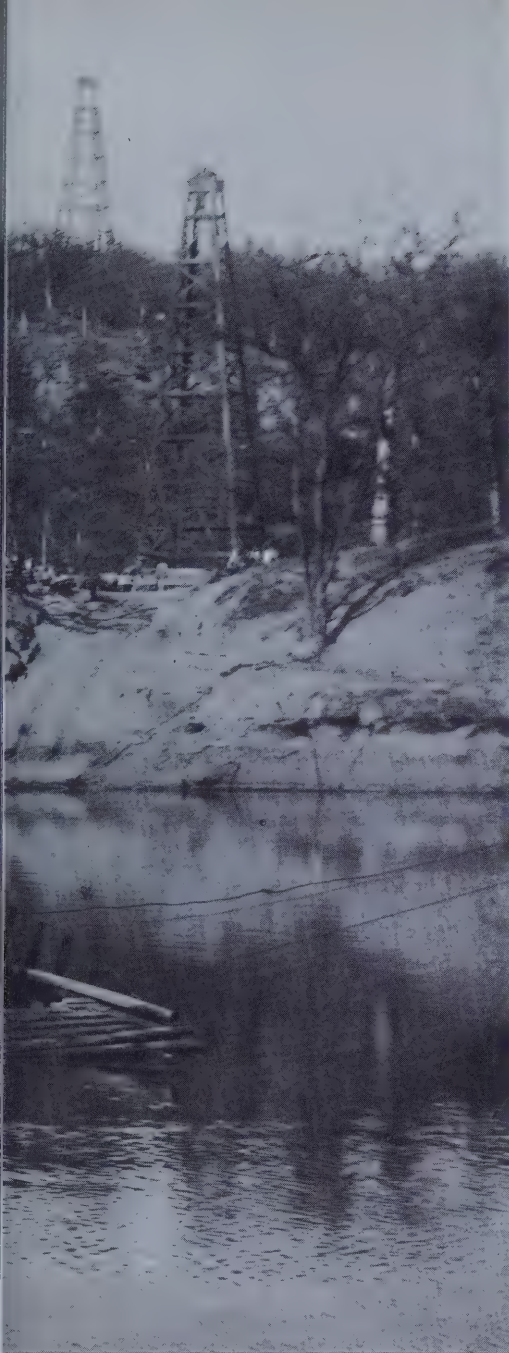
by William R. Pisano

**The company that was to become the DX Division was strapped for funds when it entered business from borrowed office space. But the resourcefulness and optimism of the small, pioneer staff proved immediately to be priceless assets in beating the thousand-to-one odds for survival**

**W**ORLD WAR I HAD PROVED, BEYOND doubt, the superiority of the gasoline engine over the horse. The United States, blessed with natural resources, was originating mass production techniques to bring about the highest standard of living known to man. The year was 1920. To turn the key to the good life, oil was needed. Oil to make the products necessary to power and lubricate the industrial machinery and the automobiles and appliances pouring off the assembly lines by the millions. Almost overnight, oil became a major industry. And on February 7, 1920, Sunray Oil Corporation quietly began its life under the incorporation laws of the state of Arizona as a producer with modest holdings of 2,000 acres in Texas, Oklahoma, Louisiana and Kansas.

Sunray Oil Corporation came into being as the result of a rather casual agreement





97-mile line connected the refinery to the field.

among a somewhat diverse group of investors from Oklahoma City and New York. So casual, in fact, that the full names and fates of two of the investors who gave their names to the new company appear to be lost forever. The men, A. W. Son and one of record only by his last name, Ray, apparently withdrew early from the group. But this was the mid-continent oil scene in 1920. Thousands of speculators, adventure-seekers and those simply out to make modest livings from oil, moved restlessly in and out of the exploration picture. Countless agreements to explore and drill for oil were made and collapsed in less than a year's time.

On the surface, withdrawing from Sunray seemed a perfectly sensible thing to do. The new corporation started business \$145,000 in debt. The ice further thinned in December, 1920, when the bottom fell

out of the market and oil dropped from \$3.50 to \$1 a barrel. But by the following March, Sunray already had expansion plans under way. By 1923, Sunray paid its first dividend to its stockholders and began to show its tendencies to merge by buying into Ash-Muse Drilling Company and Crude Oil Development Corporation.

The man credited with being Sunray's architect, oddly enough, became interested in the oil industry on a buying trip to New York. A successful young Oklahoma merchant who grew up on a farm near Altus, he met the New York group of investors on one of his business trips to the city. Persuaded to invest in the new company, he worked without salary for a while, doubling as a sort of scout for Sunray while making the rounds of his clothing stores. The man, Clarence H. Wright, who retired in 1964 and is now living in Tulsa, went on to become Sunray's president, chairman and chief executive officer, guiding the growth of the company from one with a debt of \$145,000 to one with total assets of \$800 million.

Comparing the Sunray of 1968 with the fledgling of the early 1920's is a study in optimism and ingenuity. In 1923, when Sunray paid its first dividend, headquarters were in office space borrowed from an Oklahoma City attorney. Early that year, stockholders repaid Mr. Wright's selflessness by electing him their vice president and general manager, with pay.

The dizzying growth rate that was to be a Sunray characteristic surfaced in spring, 1923, with the opening of a branch office in Tulsa. The little company moved rapidly, acquiring new leases, putting profits from producing wells where they would do the most good. By 1925, Sunray, because of its rapid follow-up on in-the-field intelligence of leasing activities and potential discoveries, along with acquisitions of producing acreage and drilling equipment, was selling about 55,000 barrels of crude a day. But despite the frequency of well completions, the announcement of a new well never failed to generate unanimous, spontaneous enthusiasm among the small staff in those formative years. The memoirs of pioneer employees record that such occasions were properly observed by a "gusher picnic." Officials and office personnel journeyed to the site to join field crews in welcoming in the new producer.

Also in Tulsa about this time another acquisition was taking place that would figure importantly in the achievement of a fully integrated oil company, named Sunray Mid-Continent, three decades later. Early in 1925, Cosden and Company, principally a crude oil refiner, became Mid-Continent Petroleum Corporation and entered the service station business in Kentucky by buying six service stations and a bulk plant from the Diamond Petroleum Company. Cosden had been organized in

1913 by a group of investors from Baltimore, taking its name from one of the principals, Joshua S. Cosden, a former salesman. Out of \$1.2 million authorized for capital expenditures, the young company's management purchased a refinery site of 768 acres in West Tulsa, now the address of Sun Oil Company's third largest refinery installation. The location had a skimming plant with a capacity of 5,000 barrels a day. Two years later Cosden bought 97 miles of pipeline to feed crude to the refinery from the Cushing, Bixby and Boynton Fields. Cushing, noted for its remarkable, almost colorless "gasoline" crude, is generally credited with making Tulsa a major refining center. Its high straight run gasoline content, more than 30 per cent, overnight made it the choice of refiners. With Detroit beginning to turn out more than one million cars a year, gasoline markets were booming. Commercial quantities of "synthetic" or cracked gasoline were just coming onto the market and the country was actually importing gasoline.

Almost immediately, Cosden started on an expansion program that eventually would make it an integrated oil company. In 1916, Cosden acquired 5,500 acres in Cushing Field through the purchase of a production company. Cosden expanded its refinery activities to include a lubricating oil plant, a wax plant and stills to increase gasoline production. In 1920, while Sunray modestly went into business from shared office space, Cosden and Company moved its general offices into a 14-story building at Boston and Fourth Streets, Tulsa's first skyscraper. In July, 1924, Mr. Cosden resigned as president. Another Baltimorean, Jacob France, a banker and lawyer, succeeded him. When Cosden became Mid-Continent Petroleum Corporation in 1925, Mr. France continued as president, later serving as chairman of the board. The renamed company's refinery runs now averaged about 26,000 barrels a day.

In the decade 1920-30, the motoring public was becoming increasingly aware of a chronic annoyance—engine knock. Antiknock compounds were in various stages of development and testing, but meantime thermally cracked gasoline was gaining public favor because it had less tendency to knock than straight run.

In 1925, Mid-Continent started construction of the first of four large cracking units, and with the half-dozen Kentucky outlets, began building a strong marketing organization. By 1927, the D-X Diamond appeared at 178 bulk plants and 306 service stations in Indiana, Iowa, Illinois, Kentucky and Minnesota. By 1930, Diamond lubricating oils and waxes were being sold in the United Kingdom and Continental Europe, and in Mexico, Cuba, South America and India.

Sunray meanwhile had increased its net

*continued*



*Oil field trips, called "gusher picnics," were an early custom among Sunray employees and wives, such as these near Duncan, Okla.*



*Outgrowth of the Nation's first refinery, Barnsdall Oil, acquired in 1950 by DX, was doing business from this Titusville, Pa., office in 1867.*

*Tulsa Refinery units in the 1920's included long-since vanished battery of 100 pressure stills, right, built in 1916 to increase gasoline yield.*



annual crude oil production to almost 3 million barrels and began to diversify by acquiring the Homaokla Refining Company at Allen, Okla. In 1930, Sunray built a refinery in the Texas Panhandle about 60 miles north of Amarillo.

At its Tulsa laboratories, marketing-conscious Mid-Continent continued to enhance its reputation as a leader in new and improved products. In 1932, its research

department developed a process for extracting the highest quality lubricating oil of the day, using Chlorex as a solvent. A short time later, the "Successor to Gasoline," D-X Lubricating Motor Fuel appeared, offering motorists for the first time an upper cylinder lubricant that prevented carbon deposits.

For Sunray, however, the early 30's were times of rough seas. The development of the East Texas field in 1931 caused crude prices to plummet to an incredible low of ten cents a barrel, down from 71 cents. In an attempt to force prices up from their lowest price in history, the governor of Oklahoma sent the national guard to close the oil fields in the state. Proration became law. Sunray, with potential daily production of 200,000 barrels, was cut back to less than 3,000 barrels a day.

The sharply curtailed operating environment prevented Sunray from refinancing to meet its obligations. Although the federal court placed Sunray in receivership, it per-

mitted the company to work toward its goals with the management and staff virtually intact.

Strict economy measures and concentration on a sure profit program brought solid results. On October 11, 1934, a proud new company emerged in the black with all its obligations fully paid. On the return of the assets to the directors and stockholders, Sunray showed a net profit of \$158,748, against a loss of \$198,187 for the previous year.

By 1935 crude prices had risen to 98 cents a barrel from 1933's low of 25 cents. To ease the yoke of proration, Sunray accelerated its drilling activity. For the company 1937 was a vintage year. Of a total of 67 wells drilled, 63 were producers. Production that year was 3 million barrels and gross income, \$5.76 million. During the same period Sunray went west to acquire an interest in 44 fields in California.

The merger with Superior Oil Corpora-

DX HERITAGE *continued*

**The Thirties was a decade of foment in which the founding companies emerged from under the double blows of proration laws and the depression to map strong patterns of growth which were to complement each other**





*Auction of famed Osage leases in 1920 brought sudden riches to impoverished Indians. A 1919 discovery, Burbank Field, in which Cosden, a DX forebear, was active, led to auction.*

*In the DX chronology, 1930 was a busy year for building products and crude lines. Despite presence of horses, ditching machines and other mechanized equipment were in use.*



*In Illinois as elsewhere, DX outlets of the mid-1930's offered D-X Lubricating Motor Fuel, "successor to gasoline," and "America's strongest and most beautiful tires."*

tion of Oklahoma in 1943 added 95 leases with 344 producing oil wells and seven gas wells.

At Mid-Continent, operations were geared to the war effort. Enlarged in 1941 to almost double its capacity and enlarged again in 1942, the Tulsa Refinery's solvent lubricating oil plant was the petroleum industry's biggest supplier of aviation lubricating oil to the armed forces. Mid-Continent also contributed heavily to supplies of other lubricants for the national defense and, in 1942, built a cumene and codimer plant to produce blending materials for the manufacture of aviation gasoline.

Sunray, too, was on a wartime footing. Improvements at the Allen refinery were totally committed to the Nation's defense. A new unit at Allen manufactured 80-octane gasoline for the armed forces and components for 100-octane gasoline for the Air Force.

Sunray added another 10,000 barrels

of crude oil a day to its net tabulation by absorbing Darby Petroleum Corporation in 1944. Company holdings now included 490 producing leases with 1,900 oil and 199 gas wells. Undrilled leases totaled 40,000 acres in 13 states.

On its twenty-fifth birthday in 1945, Sunray looked ahead to the demands of peacetime markets. At Allen, a new cracking plant would increase the refinery's daily crude capacity to more than 12,000 barrels and up cracking capacity to 5,500 barrels a day.

"In adding the new cracking unit, the Company is looking ahead to the postwar period," observed Sunray News, the employee publication, "and the manufacture of civilian gasoline of much better quality than the average product on the market."

On the threshold of the second quarter century of its corporate life, Sunray counted 500 employees, sales of refined products up 107 per cent over 1940 and

annual net production of 6.6 million barrels of crude. The company had total assets of almost \$5 million and a net profit of nearly \$2 million for this silver year.

Sunray was to double its net annual crude production in two years. Factors in this big jump were the acquisitions of producing acreage in California, Oklahoma, Texas, Kansas and Illinois. In California, 1,200 acres with wells producing 5,000 barrels a day came into the fold. Included in this purchase was a 7,000 barrel asphalt and fuel oil plant at Santa Maria, sold in 1954 to a major California oil company.

The postwar years for Sunray evolved into virtually a non-stop growth pattern. The merger with a mid-continent producer, Transwestern Oil Company, gave Sunray a daily production of about 35,000 barrels, an increase of almost 40 per cent.

With oil production substantially in excess of its refinery runs, Sunray's next major move was to purchase a former government-owned 20,000-barrel-a-day

*continued*



## Expansion programs in the late 1940's concentrated on the burgeoning consumer demands of a highly mobile society on peacetime footing

aviation gasoline refinery at Duncan, Okla.

In 1948, Sunray's production activities spread outside the U.S. for the first time. The company started operations in Canada and held a minority interest in a drilling concession in the neutral zone between Kuwait and Saudi Arabia.

Sunray nearly doubled its daily crude production in 1950 to 60,000 barrels when it acquired Barnsdall Oil Company,

the Nation's first refiner. The merger came at a time when Sunray's favorable production surplus was declining in relation to its refinery throughput, due chiefly to widespread proration restrictions. Barnsdall traced its ancestry back to the world's first refinery at Titusville, Pa. A Titusville shoe factory owner, William Barnsdall, closely followed Colonel Drake's pioneer drilling. He receives general credit for bringing in the industry's first big producer and second oil well in its history in 1859, a short distance from Drake's. A year later, anticipating a huge demand for kerosine, he built the refinery, now designated a historic site.

At the time of the merger, Barnsdall listed assets in excess of \$50 million and production in 13 states, including Pennsylvania's pioneer oil country, and Canada. Barnsdall had been a fully integrated oil company but sold its refineries and service stations in 1939 to concentrate solely on production.

Highly regarded for its advanced production techniques, Barnsdall claimed an industry first in 1943 when its engineers applied water injection in primary recovery on a fieldwide basis at Midway, Ark. And, in 1944, Barnsdall used pressure maintenance to recover 10 million barrels of crude at a 1927 discovery, Potrero Field, near Newhall, Calif.

**M**eantime, Mid-Continent increased its drilling and exploration activities. But proration held total production for 1950 to slightly less than the total of 6.6 million barrels four years previously. During the same period, Mid-Continent's refinery runs jumped to 17.8 million from an annual total of 12.6 million barrels in 1946.

The pieces for the 1955 merger of Sunray and Mid-Continent were assuming their complementary forms. In 1951 when Sunray announced plans to build a completely new refinery at Corpus Christi, its production was 25 million barrels of oil



*Tulsa Refinery continued to thrive on the south bank of the Arkansas River as a new era of building began in 1938 to meet growing, diversifying markets. Construction accelerated as World War II approached.*



*Sunburst, a long-time trademark in DX history, identified Sunray until the mid-Fifties. It was replaced by a version of the Mid-Continent diamond, which was the direct predecessor of the present DX insignia.*

Sunray was awarded 17 drilling sites, including one under the capitol rotunda, on the Oklahoma state capitol grounds in 1936. Rotunda today houses a working model of oil recovery, partly donated by Sunray.





as compared to 13.5 million barrels of refined products. Sunray reported net earnings of \$24.2 million, total assets of \$276 million. There were 2,219 employees and 63,000 stockholders, up from 400 and 13,000, respectively, in 1943. Mr. Wright, now chairman of the board, was succeeded as president by W. C. Whaley, a longtime Barnsdall production man.

The merger of Sunray and Mid-Continent was effected on May 16, 1955, with Sunray Mid-Continent Oil Company the new corporate name. Chosen to head the new, strong D-X refining-marketing organization was Mid-Continent's former president, R. W. McDowell, a onetime products salesman. He later served as chairman of Sunray Mid-Continent. The new integrated oil company listed assets of nearly one-half billion dollars, annual crude production of 32.5 million barrels, refinery capacity of 35.6 million barrels. D-X products were marketed by more than 6,500 service stations and bulk plants in 15 Central and

Northern states.

Although Sunray men and women now numbered in the thousands, they reacted to the merger in the homey tradition of the gusher picnics—by going to a party. Called "one of the largest parties ever staged in Tulsa," by The Tulsa Tribune in a special section on the merger, the event included a famous dance orchestra of the day and a floor show.

"The affair will be the first opportunity that employees have had to get together since becoming part of the same oil family," observed the Tribune.

How well these two groups meshed became apparent almost overnight in the new company's performance record.

**W**ithin one year Sunray's growth rate was characterized by spectacular accomplishments. Reporting net income of \$45.3 million from gross revenues of \$332.6 million, the company's total assets now exceeded \$500 million. Employment had

reached an all-time high of 6,000. The number of stockholders pushed toward the 100,000 figure, and D-X products were available at 6,800 service stations in 17 Central and Northern states.

In 1957, Sunray decided to invest in oil concessions in Venezuela's Lake Maracaibo. The rest is oil industry history. In November, 1958, Sunray's group completed LPG 14-3, flowing 6,600 barrels a day.

The same year, its Tulsa refinery was producing 105 octane gasoline and the company welcomed its 100,000th stockholder, joining an exclusive group of U.S. corporations holding this distinction. At D-X service stations, the old red, cream and blue D-X diamond sign gave way to a new diamond sign with hyphenless DX blue lettering on a white and red background.

In Fortune magazine's list of 500 top industrial concerns in the U.S., Sunray ranked 66th in total assets (\$540.8 million), 113th in total sales (\$372.3 million)

*continued*

*Through Barnsdall, DX in 1950 added greatly to its California crude capacity, including this venerable producer in the San Joaquin Valley, its life now renewed through steamflooding.*

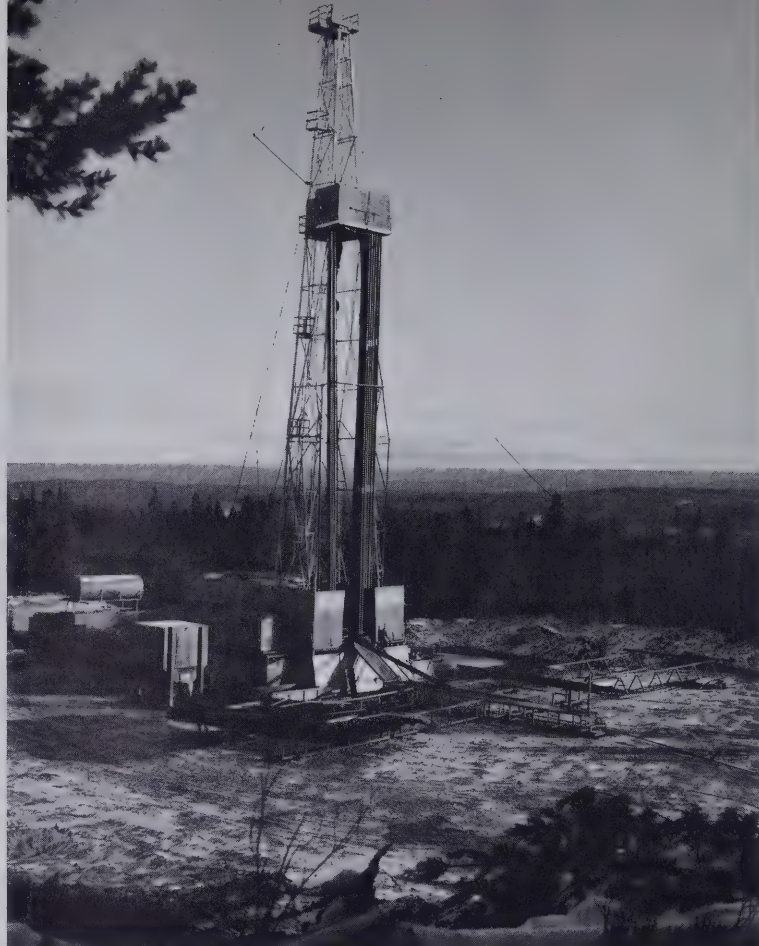


*Sunray moved its general offices into this new building at 9th and Detroit Streets in Tulsa in 1954. The 13-story structure now houses the headquarters of the DX Division.*



*Exploration outside the U.S. began on a large scale in 1948 with the leasing of extensive acreage in western Canada. DX now is an international operator with drilling activity on several continents.*

*In a radical break with traditional box design, DX unveiled this circular station in 1960 in Tulsa to test market potential for new services. The prototype had a TV lounge for car service customers.*



#### DX HERITAGE *continued*

### Record sales and entry into petrochemicals at home and stepped-up overseas activity typified growth in the 1960's

and 48th in net profits (\$40.7 million).

Net profits climbed eight per cent the following year. Also in 1959, Sunray added Australia to its exploration campaign. Production continued in a dominant role in Sunray activity. On the domestic scene Sunray explored in 27 states including Alaska. But the year's big news centered on the 55,000-barrel-a-day Corpus Christi Refinery which became a wholly owned Sunray facility with the merger of Suntime Refining into the company.

DX's diversification program saw the completion of units to increase petrochemical production at Tulsa and announcement of plans for expansion of similar facilities at Corpus Christi. Interstate highway locations and towns and suburbs showing strong population gains were favored for the station expansion program. Along with new stations, new products and services were introduced. New to the market were DX Boron motor oils, de-

signed as companions for DX Boron, the premium gasoline that made its debut in 1956. The marketing strategy paid off. DX in 1959 recorded gallonage increases estimated at twice that of the industry in general.

With the dawn of the 1960's, Sunray's new image was bolstered when it began emerging as an important producer of petrochemicals. The company's name was changed to Sunray DX Oil Company in 1962. And, in that year, DX ranked comfortably above the national average in total crude processed in the manufacture of petrochemicals. With the formation of its International Division in 1963, the company looked far and wide for major areas of exploration and production. Already producing or exploring in Australia, Venezuela and Colombia as well as Canada, DX that year moved into Papua on the southeastern portion of the island of New Guinea. In ensuing years the company's globe-trotting standard was raised in Nigeria, the Persian Gulf and on Borneo in the State of Brunei. At home, DX stepped up activity in the Central states and California, and discovered gas in Alaska's Kenai Peninsula.

In 1964, Paul E. Taliaferro, Sunray DX's president since 1959, became chairman, and R. E. Foss, president. Both men served in these capacities until the merger last fall and their respective elections to

deputy chairman and executive vice president of Sun Oil Company.

In a further diversification of its expanding marketing activities, Sunray DX established a LPG Retail Marketing Department in 1965, quadrupling sales in one year to 30 million gallons.

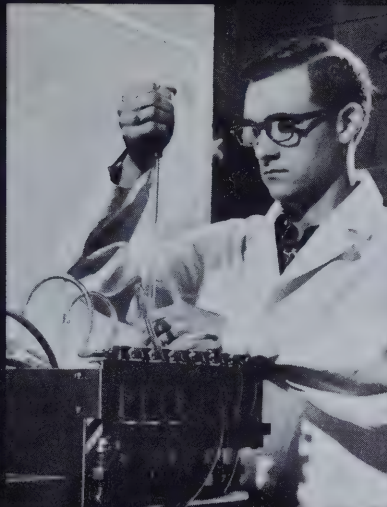
Expansion of marketing facilities and services influenced big new building programs at both Corpus Christi and Tulsa refineries. The sixth largest producer of lubricating oils, DX completed one of the most highly automated blending and packaging plants in 1967 at Tulsa. Through its wholly owned subsidiary Red Barn Chemicals, Inc., DX is both a manufacturer and marketer of agricultural chemicals. And, in December, 1968, it became a manufacturer on an international scale with the dedication of the 10,000-barrel-a-day refinery in Monrovia, Liberia.

Now as a major operating division of Sun Oil Company, DX teams up as a dynamic new force in the world of energy and chemicals. Combining the Tulsa-based DX Division's physical properties and talents with those of the Sunoco Division, the new Sun Oil Company has more than doubled its opportunities for growth. With new technologies releasing more and more man-hours from routine tasks, the reverberations of the combined talent pool are sure to circle far beyond the statistical limits of the merger. ♦





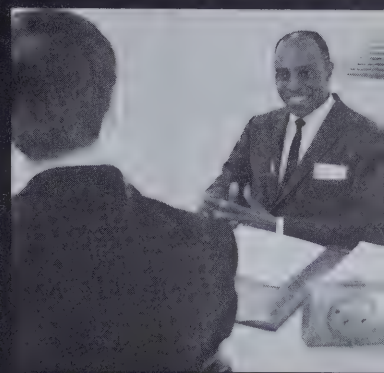
**FRANK GIBALO**  
Boatswain  
Sunoco, Marcus Hook



**CARROL WHALEY**  
Process Chemist  
DX, Tulsa



**GLORIA RAMOS**  
Secretary  
DX, Corpus Christi



**ERNEST A. HARVEY**  
Professional Recruiter  
Sunoco, Philadelphia



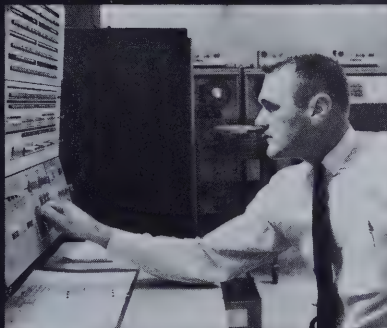
**ELEANOR KERRIGAN**  
Nurse  
Sunoco, Philadelphia



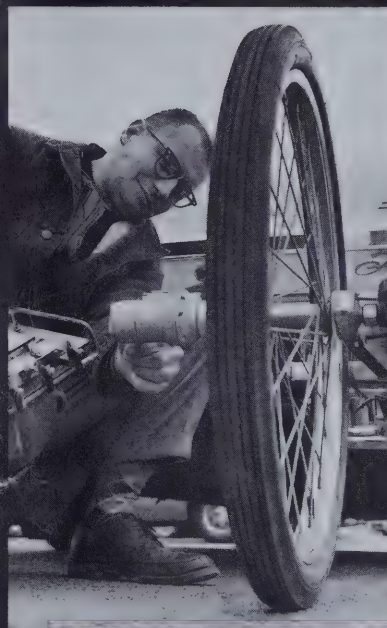
**EERA WALKINGSTICK**  
Telephone Operator  
DX, Tulsa



**L. S. SEAWRIGHT**  
Shipping Engineer  
DX, Tulsa



**RICHARD HAMLET**  
Computer Operator  
DX, Tulsa



**EDWARD WILLIS JR.**  
Auto Lab Technician  
Sunoco, Marcus Hook



**E. P. GOOD**  
Petroleum Engineer  
Sunoco, East Texas

**THE STRENGTH OF A COMPANY LIES IN ITS PEOPLE**

## Sun's 29,500-Member Team

**M**EET THE MEN AND WOMEN OF SUN OIL COMPANY.

Not all of them can be shown at one time, of course. But this group suggests some of the many, diverse talents and skills it takes to keep Sun progressive and competitive. No matter how far afield they may work from the millions of the Company's customers, each bears an influence on the quality, performance or consumer price of products. How well they succeed in assuring highest quality products at lowest possible prices will, in the final analysis, determine how well this Company succeeds. But

predicated on past accomplishments the future can hold only a stronger competitive role for Sun. Out of the laboratories, conference rooms and in-the-field know-how are sure to come developments equal to or surpassing such Sun innovations as Custom Blending, tar sands processing, oil field recovery techniques.

Their new numbers alone—29,500—are an impressive statistic. Immeasurable, however, is the true potential of this great team of employees whose multiplicity of skills, talents and loyalties are the real strength of Sun Oil Company. ♦



# OUR SUN

Magazine of Sun Oil Company  
1608 Walnut St., Phila., Pa. 19103





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# SUN'S GOLDEN YEAR IN CANADA



SUN OIL COMPANY LIMITED/TORONTO/CANADA







Sun's golden year in Canada...



I'm sure I speak for everyone in Sun Oil Company Limited, as well as for those in all the other companies which make up the Sun Oil organization in Canada, when I say that we are proud to be celebrating our 50th Anniversary in 1969.

The pride which we hold for our Company is based on both its achievements and its philosophy. We have grown from a two-man office in Montreal to an organization which now employs about 1500 men and women. As well we have invested about one-half billion dollars in Canada, putting us among the top 100 corporations in the country.

Meaningful statistics on the longevity of Canadian companies are not easy to come by. Yet we know that 50 years of operation for a company is the exception and not the rule.

We are proud of the way we have conducted

our business over the past half century. Sun Oil operates on the premise that a corporation operating in a free enterprise economy is the best means yet discovered to bring together people of wide-ranging skills and talents in a co-operative partnership. One of the goals of such a co-operative effort is to earn a profit in order to grow, provide a return to shareholders and ensure that our employees are provided security and opportunities.

Possibly because of our belief in this partnership, Sun has been described as "paternalistic". It is true that, from time to time, Sun has taken conscious executive decisions that were designed to protect our people. Nevertheless, an essential ingredient of any successful partnership is mutual respect and understanding. Sun expects loyalty from its employees and dealers, and in turn, they have a right to expect equitable

treatment from the Company.

We are happy to know that over the past half-century we have contributed to the growth of Canada, its people and its oil industry. We are a wholly-owned subsidiary of a United States company and while we may be guilty of an oversimplification in the continuing debate on foreign ownership, our philosophy on the subject is best summed up in the following: Only as our corporate goals and decisions are in accord with what is good for Canada and its people will the Sun Oil organization in Canada grow and prosper.

We hope you find the following pages of interest.

Kenneth F. Heddon  
President,  
Sun Oil Company Limited,  
Toronto, Ontario.











# PLATFORM FOR TOMORROW

In considering the direction or theme that this commemorative brochure could take, we looked at three alternatives. One of these was a detailed history of our Canadian adventure of the past fifty years. The second was a collection of personality sketches of the men and women, past and present, who have made Sun Oil Company Limited what it is today. The third alternative was to try to capture, in words and photographs, our Company's activities and personality.

There is, about the Sun Oil Company's activities in Canada, a certain sense of common destiny. It is realized that an integration of our three major Canadian parts—Sun Oil Company Limited, Toronto; the Canadian Production Division of Sun Oil Company, Philadelphia, located in Calgary; and Great Canadian Oil Sands Limited, our pioneering subsidiary at Ft. McMurray, Alberta—has been achieved—in spirit, if not in the cold, hard fact of legal and corporate documentation.

There is also a recognition among us of the tremendous advantages, technological, financial—and moral—of membership in the inter-

national Sun Oil family. This is a relationship in which we can feel pride, and to which we can contribute, by virtue of our own increasing stature and independence in the Canadian oil and gas industry.

The years behind us have been important. They give evidence of steady growth, highlighted by the construction and expansion of our Sarnia refinery; the laying of the Sun-Canadian Pipe Line which carries products from the refinery to the centre of our market, and the introduction of custom blending which revolutionized the retailing of our gasolines. Then, of course, there has been our participation in realizing the uniquely Canadian dream of extracting oil from the Athabasca tar sands of northern Alberta through Great Canadian Oil Sands Limited.

So it is, that we present on the following pages—not a history, not a collection of personalities—but a picture of our Company as it existed in September, 1969, gathering its forces and preparing to launch itself from this platform into the new era of greater opportunity that lies ahead for all of us.







Sun—a Canadian

# EXPLORER & PRODUCER

Almost coincidental with the arrival of the year 1951, the first Canadian Sun crude came to the surface at the Sun-Orr Well 2-1 in the Province of Alberta. In this, our Golden Year, Sun's Canadian production averages 10,900 barrels of crude per day from 274 wells. We also produce natural gas from 30 wells. Our annual exploration and production investments are climbing at an ever increasing rate and there is no sign of a slow-down.

Today, Sun, alone and in partnership, is exploring potential crude oil reservoirs virtually from coast-to-coast—in British Columbia, the Northwest Territories, Alberta, the Arctic Islands, Saskatchewan, Manitoba, Hudson Bay, Quebec, and on the continental shelf off Atlantic Province shores.

Wherever it may be, our exploration and production is conducted by the Canadian production division of the Sun Oil Company, Philadelphia. This division, headquartered in Calgary, is staffed by a widely diversified group of skilled personnel responsible for seeking out and producing oil and gas reserves.

The Canadian production division entered into its first land acquisition and exploration programme *directly* for Sun Limited, Toronto, in 1965. The ties of identity between the Sun Company in Calgary and Sun Limited







Above: Tar sands are visible along a shoreline of the Arctic Islands where Sun and Global Marine, Inc., have permits on more than 6.5 million offshore acres.

Right: Jack Steedman, one of Sun's Calgary-based production team, is an oil scout, one of the most exciting and demanding professions within the oil industry. It is his job—and that of other scouts—to keep his eyes and ears open to the oil field activities of other exploration companies. The drilling rig in the background, and the crew seen on page 8 work for one of several contract drillers employed by Sun's Canadian Production Division.





in Toronto have grown stronger year by year—in spirit and in practice.

Two framed documents hang on the wall of Sun's Calgary conference room—the Creed of the Sun Oil Company, and the Canadian Bill of Rights. These reflect the loyalties of this concentration of highly trained Sun explorers and producers. With few exceptions, all are Canadian citizens but their lands of origin read like the index page of a world atlas.

Another characteristic common to Production Division employees is their length of service with the Company, particularly among those who direct the Division's activities.

One is M. E. "Doc" Austin, superintendent of operations. "Doc", 29 years with Sun, began his working life as an oil well labourer (roustabout) in the oil fields not far from his birthplace at Palestine, East Texas. In 1956, he and his family moved to Calgary and put down roots. Observes Doc in his gravelly voice, still carrying a Texas accent, "I don't remember ever having one bad moment with Sun any place they've sent me in 29 years. But Calgary? This *is* home. I think it's a great thing that we're more and more a working part of the Canadian company. We all need each other."

Wisconsin born E. E. (Ned) Gilbert, a geologist, is Sun's Canadian exploration manager. Ned, now a naturalized Canadian, was the first Sun exploration man on the ground in Alberta. Employed by Sun in 1944, he has been a Calgarian since 1945. In effect, his Sun career has been a Canadian career.

Reflecting on Sun's Canadian exploration and production operations, Ned says, "Sun has always been a company with a difference. We operate on the basic Sun premise

that no deal is a good deal unless it's fair to both parties."

Heading up the production division is general manager George E. Dunlap. A Sun employee, for 30 years, George came to Calgary 20 years ago. He too is a naturalized Canadian. On life with Sun, he comments, "The employment environment that Sun has created allows a man full exercise of his personal conscience within the framework of his job. It is a good thing to work with a company that believes it has a corporate objective of service to mankind."

"In the production division," continues George, "we recognize that profits must be made from the search, development, production, transport and sale of crude oil, but financial profit cannot be our sole corporate motivation. For example, we have adopted a long-term view with regard to the proper development and application of oil reservoir conservation programmes. Sometimes this requires us to take strong positions within the industry that do *not* have an immediate financial benefit for ourselves, but are morally right for the industry as a whole and the country in general."

### The Learning Curve at GCOS

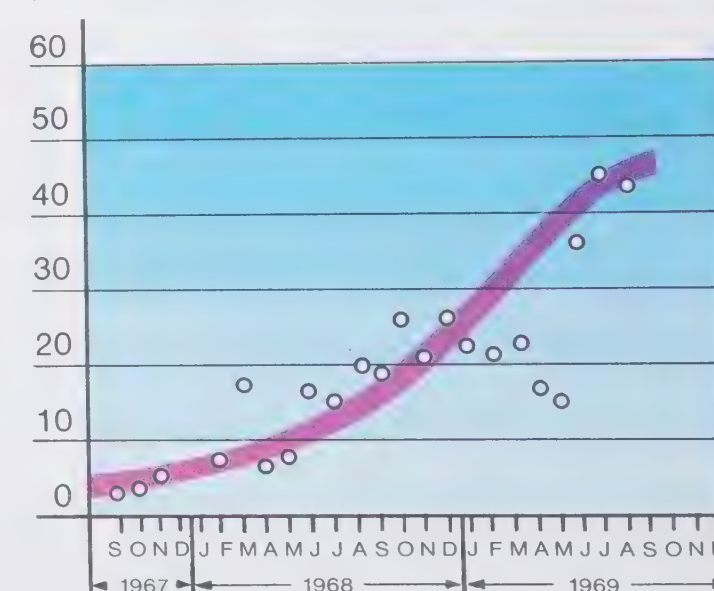
Overwhelming all other aspects of Sun's operations in this Golden Year is that uniquely Canadian enterprise, Great Canadian Oil Sands Limited. Financially demanding yet tremendously exhilarating, this massive Sun investment—now approaching the \$300 million mark—represents one of the largest single investments made by any Canadian company in the development of a national resource. The achievements at Fort McMurray to date are of tremendous signi-

ficance, not only to our Company, but to the entire Canadian—indeed, world-wide—oil industry.

Our GCOS complex is truly *technological pioneering* in every sense of the word. What we are doing there, no one has ever done before. There were no textbooks to guide us, no rules of thumb to rely on.


Sun men and women in Fort McMurray, 260 miles north of Edmonton near the confluence of the Athabasca and Clearwater rivers, have met—and solved—countless brand new

Monthly production G C O S  
(Barrels per calendar day in 000's)



problems in mining, oil extraction and up-grading, and there is still much to learn. There have been days, weeks, even months, of technological frustration—especially last winter when record low temperatures were recorded for weeks at a time. But the GCOS learning curve tells the true story.





The GCOS learning curve is an arithmetical plotting of daily synthetic crude production against the time elapsed from plant start-up. The curve shows that this great oil development project is approaching its forecast stride in our Golden Anniversary year. Since mid-May, after a scheduled plant maintenance shut down, GCOS has consistently increased production, and it is now producing a daily average close to that authorized by the Province of Alberta. Peaks of 51-57,000 barrels per day have been achieved during the summer months.

In short, in 1969 at GCOS we've gotten to know each other and the interdependency of each of our separate group areas. We've learned to feel and think like a team, rather

than a group of strangers. Above all, we've become familiar with what was previously unknown to man—our own personal moon-scape—the methods and processes by which oil can be unlocked from Sun's Athabasca Tar Sands recoverable reserves.

Meeting the challenge of the Athabasca Tar Sands is developing another Sun resource that may well prove to be a more valuable contribution to our next half-century than synthetic crude—a whole new reservoir of Sun people, skilled in petroleum techno-

logies and industrial management.

Heading up the team is Harold V. Page, GCOS executive vice-president and vice-president—manufacturing, Sun Oil Company Limited. Born in Kenora, Ontario, and a University of Toronto graduate chemical engineer, Harold has spent most of his business life on foreign shores—his family right along with him. He is accustomed to being the man-on-the-hot-seat in major plant

start-ups after 17 years of seasoning with Dow Chemical, most recently as vice-president—manufacturing, and a director of Dow Chemical, Europe. The happy coincidence of his determination to establish a Canadian career and our requirement of technical management with broad proven processing experience is one of the more fortunate aspects of the GCOS story.



The puzzle of the Athabasca Tar Sands, and the potential of reward for the men who could unlock its black treasure, have long held a special fascination for many now with GCOS—as for thousands of technically educated Canadians for several generations.

John Shorter, utilities superintendent, runs the GCOS power plant—a plant powerful enough to supply all the electricity needed by a community of 60,000. John came to Fort McMurray (and minus 50° temperatures) from a similar oil plant powerhouse on an island in the Persian Gulf (and temperatures of 110°). He has 18 years of experience in the oil plant utility field. Beside him in the control room office is Philip Chu from Hong Kong, holder of a Marine Engineering and a 2nd Class Steam Certificate (the latter achieved since his employment at GCOS,

Meet David Bainbridge, born in Creston, B.C., 29 years ago. A little more than 2½ years ago, Dave worked in the equipment end of the logging industry in B.C. One day he saw a magazine photograph of a GCOS bucketwheel—and his life was changed forever. Dave dropped his logging tools, picked up his wife Loretta and their children and headed for Fort McMurray.

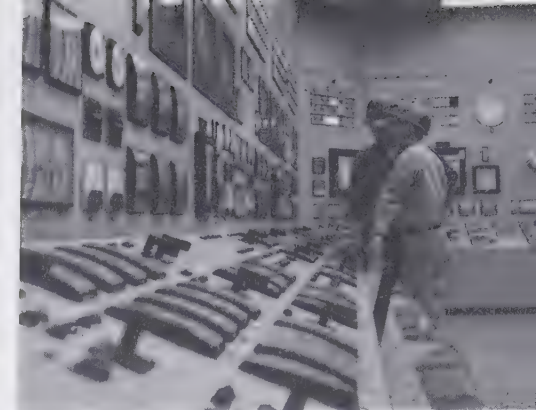
"The day I was hired, I told them what job I wanted—this one." There was no way GCOS was going to turn a bucketwheel over to Dave—regardless of his enthusiasm. Besides, applicants for bucketwheel jobs included almost everyone on site. But Dave persisted. He spent his spare time studying their operation. He got to know the operators. He dreamed bucketwheels when he slept. It took him two years.

"Harold Page can have *his* job. I've got mine. There's no other job in the world I'd rather have. I enjoy it every day because every day is different," says Dave. He touches a slender control stick with his sensitive hand and the mechanical monster that he is part of responds with impossible grace and the big wheel moves forward to begin another sweep of the ancient tar sands face—Captain D. Bainbridge of the M.S. Bucketwheel at the helm.

A number of GCOS people—from every level—are active on the municipal Board of

three years ago), now a power plant control supervisor. "We had to learn a lot about our own plant," Philip says. "Now we are learning about the other plants in the complex—extracting and refining—and they are learning about us. Now we're helping each other solve problems that are related."

One of the most glamorous jobs in the whole Sun Canadian organization has to be that of "bucketwheel operator". What kind of a man controls these gargantuan mining tools? (GCOS has two of them.)



Top: The GCOS powerhouse control room. The steam plant was built to produce up to 2-1/4 million pounds of steam per hour, more than many public utilities.

Centre: A view of part of the GCOS hydrogenation and desulphurization facility.

Bottom: Treatment in this battery of rotating conditioning drums is the first step in separating bitumen—the raw material for GCOS synthetic crude oil—from the Athabasca tar sands.





Top: David Bainbridge, one of several GCOS bucketwheel operators, controls his gargantuan machine (opposite page) with a sure hand on its sensitive control stick.

Centre: Tests continue on the use of explosives to loosen the tar sands to expedite sub-zero winter mining operations. Here, a drilling rig sinks the final hole in a test pattern.

Bottom: Approximately 250 tons of elemental sulphur daily can be recovered as a by-product of the GCOS process.





*One of two huge GCOS excavators dwarfs three maintenance men performing "dentistry" on the bucketwheel's teeth. The two 1,800-ton machines each have a rated digging capacity of 100,000 tons of tar sand per day.*

Administrators, the Board of Education, and the Chamber of Commerce of Fort McMurray, 20 miles south of the plant site. This, of course, is only natural inasmuch as the town's population has grown from 1200 at the start of GCOS construction in 1964 to a present level of approximately 6,000 men, women and children.

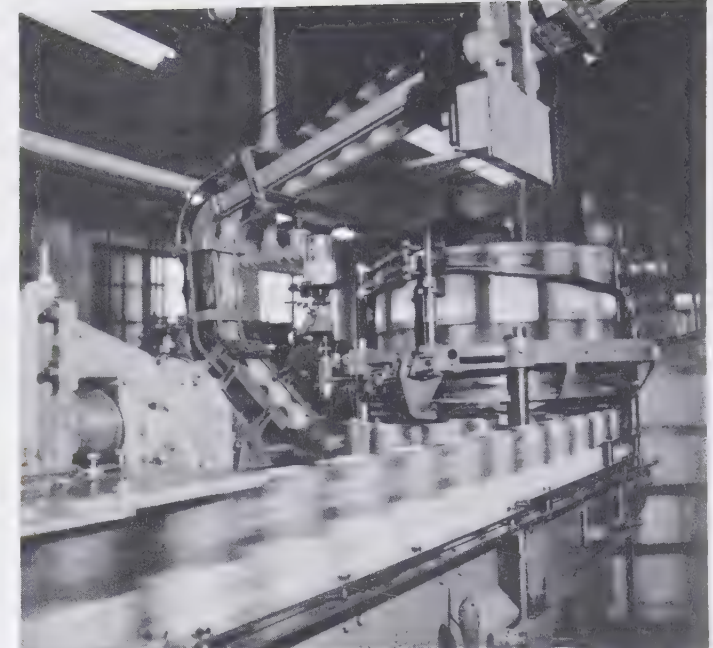
The influx of new people has brought about a rapid development of town facilities. Several new schools have been built, as well as a hospital. Whole new residential areas featuring homes of contemporary design are now well established.

Many of these homes have been built by Athabasca Realty Limited, a GCOS subsidiary, and sold to employees on a favourable basis.

The town's citizens are well equipped with outdoor and indoor sports facilities, and have some of the world's finest fishing and hunting at their doorstep. Currently, Fort McMurray's major sports enterprise is the wresting of a professionally-planned 18-hole golf course from the forest primeval a few miles north of the town. Supervision, labour and equipment for the project are largely supplied on a co-operative basis by contractors and companies located in the area.

The words of a maintenance labourer as he stopped to view the vast spread of the complex from the roof of the powerhouse sums up GCOS in the summer of our Golden Year. "Man, this is a wonderful thing here," he said. "I come out to Canada from Jamaica two years ago and got a job rightaway up here. We've been learnin', learnin', learnin' ever since, but she's running good now. Yessir. We just got to keep it that way. Yessir, it's a wonderful thing here."





Left, and Top-*Opposite Page*: Quality control of Sun products is a continuing laboratory function at our Sarnia refinery (bottom *opposite page*) and our blending and packaging plant in Toronto (above).





Sun—the Canadian

# MANUFACTURER

One of the most significant events in our first half-century was the day in 1953 that our Sarnia refinery went on stream—a major step on the road towards our objective of a completely integrated Canadian oil company.

Since then, our total Sarnia investment has climbed nearly to the \$36 million mark, closely matched by the plant's present rated capacity to process both a variety of conventional and GCOS synthetic crudes at the rate of approximately 35,000 barrels per day.

In addition to Sunoco gasolines, this up-to-date, well-groomed, community-conscious plant produces a variety of products including: stove oil, home heating oils, bunker or heavy residual oils and alkylate for high octane motor fuels. By-products of our Sarnia processes—light petroleum gases and hydrogen—are sold and piped locally to our neighbours in Canada's Chemical Valley to find their way into a myriad of petrochemicals ranging from synthetic rubber to polyethylene plastics.

According to a mid-year 1969 consensus of refining statistics, Sun's Sarnia capacity to process crude on a "barrels-per-man-per-day" measurement was the second highest amongst 39 Canadian refineries. This outstanding productivity record is a tribute both to our technological proficiency and the spirit of our 115 Sarnia people.

Unlike most Canadian refinery employees, they don't punch clocks, but are reimbursed on a salary basis with built-in overtime and shift allowances. They receive, as well, an opportunity to grow and earn increased responsibilities in the operation of complex refinery units. Comments Ross Hennigar, Industrial Relations Manager, "Management's human relations responsibility is to encourage the development of employees so they can better help the organization achieve its objectives."

In Toronto, we blend and package Sun lubricating oils and greases, including special petroleum products for industry, in a \$5 million plant built in 1957.







Left: This massive valve is symbolic of Sun's pipeline activities.  
 Inset left: The Mozart, owned by Fritzen-Halcyon Lijn Inc., and chartered by Sun Canada, transports 600,000 barrels of middle-east crude per trip to help satisfy our eastern Canada markets.  
 Above: Company owned highway tank trucks carry Sunoco gasoline from our tank farms to dealer locations.  
 Below: Special base oils and greases reach our Toronto blending plant by barge.



Above right: Sunoco packaged products are delivered from our blending plant and regional distribution centres by a mixture of company-owned and hired trucks, and railway boxcars.



Bottom right: Sun's new leased railway tank cars for long distance shipment of bulk products are unmistakably identified and an increasingly familiar sight in Ontario and Quebec.



# MOVER OF MATERIALS

Ocean and lake tankers, barges, pipelines, railway tank cars, box cars, gondola cars, tank trucks and vans for packaged goods delivery, automobiles and aircraft are all utilized in the daily conduct of our business. The functions of supply and transport are certainly amongst the most complex and vital aspects of Sun's Canadian enterprise.

Some of our modes of transport are hired, and some are owned by the company and operated directly by the departments or divisions concerned. Examples of the latter are Sun aircraft, plant and warehouse equipment, and highway tank trucks that deliver Sunoco gasoline to our dealers. All hired equipment falls under the wing of one of our most important Toronto based operating departments—Supply and Transportation.

This department's most important function is the co-ordination and integrated scheduling, *in advance*, of: the acquisition and transport of different kinds of crude oil and other feedstocks for processing; the quantity of crude oil processed; the actual processing mix of the Sarnia refinery; and the subsequent movement of bulk products to our regional distribution centres. Such co-

ordination and scheduling is based on product sales forecasts prepared by our Marketing Department.

The complex juggling of available crudes—often from foreign shores—refinery schedules, future marketing needs, and modes of transport, must be predicted, planned, and contracted for, sometimes more than a year in advance. In certain aspects of its work, the department is planning five years in advance of reality, and trial forecasts of requirement ten years ahead are not uncommon. You might say that these Sun employees live today and work in the future.

Feedstocks reach our refinery from western Canada via a number of collector pipelines including our own 270-mile GCOS line from Fort McMurray to Edmonton and the Producer's Pipeline in southern Saskatchewan and Manitoba, the latter owned in partnership by Sun. Both connect with the Inter-provincial Pipeline to Sarnia. (See map.)

Products *from* Sarnia reach our Ontario markets via the Sun-Canadian Pipe Line, built by Sun between Sarnia and Toronto with spurs to London and Hamilton, Ontario.

This 200-mile product pipeline, in which Sun owns a majority interest, is a model operation. It is considered to be one of the most efficiently run on the continent.

The man in charge is Victor C. Fairless, another one time Texan with a strong Canadian viewpoint. Vic, employed by Sun for 39 years, was sent to Canada to organize the \$5.4 million Sun-Canadian operation in 1953.

Vic helped to build Sun's very first pipeline back in 1930—from Marcus Hook, Pa., to Cleveland, O., and Syracuse, N.Y.

The 24-man and one woman staff of Sun-Canadian is perhaps the tightest concentration of technologists in the Canadian Sun team. Each one is especially trained to know his cohort's problems and functions. Vic has gone out of his way to ensure that everyone on his staff shares his overview of the entire operation.

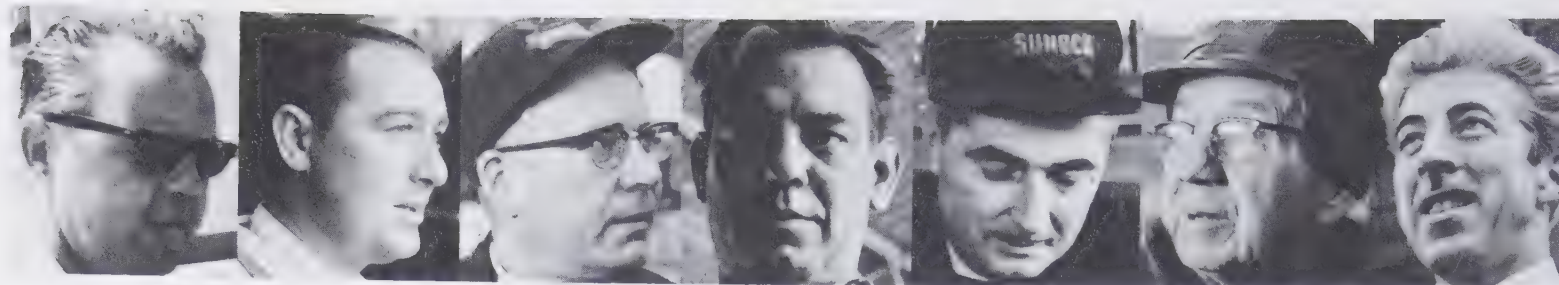
Comments Victor, "It's a result of something I learned from Sun many years ago—if you know *why* you're doing a job, you can do it a lot better. Knowing *how* is only half of the answer."







## Independent Canadian Sun **BUSINESSMEN**



Regardless of the challenges, complexities and excitement of exploration, production, refining, transport and supply, all this is but a prelude to the contribution made to our Golden Year corporate well-being by approximately 1100 independent Sun gasoline retailers in Quebec and Ontario. Between our dealers and the rest of us exists a kind of creative, profitable tension—the product of their jealously guarded personal business independence and our expressions of corporate concern for a uniformly high standard of Sunoco station operation and customer service.

Sun continues to believe that our interests—and those of Canadian motorists—are best served by independent dealers. We believe that men with the initiative and personal characteristics that make them want to be the masters of their own commercial destinies—deserve the right and the opportunity to try. And try they have—by and large most successfully.

Many of them own their own property and buildings. For others who qualify, Sun provides under lease, a carefully chosen service station location and architecturally designed, well-equipped buildings. We also provide our

dealers with an assured supply of motor products manufactured to the highest standards in the industry; a continuing background of advertising and sales promotion programmes, and materials; local market analysis; many kinds of counselling on station operation; national and international credit card services; and last, but not least, thorough service station management training at our Sun dealer training schools, supplemented by on-the-scene training in their own station.

In the final analysis, we know that as far as millions of Canadian motorists are concerned, our independent dealers *are* the Sun Oil Company Limited. They are the men who ultimately determine the public's attitude toward our company.

Sunoco dealers are free to evaluate, then accept or reject, company-sponsored programmes, services and advice. Sun Dealer, George Carruthers, illustrates this aspect of Sunoco dealer independence with his comments on premium promotions. "I'm against premiums promotions. I'd like to see the oil companies get out of them. I take the promotions because I feel that if Sun Oil has taken it on, it's the responsibility of all

dealers to go along."

Representative, however, of the majority opinion of our dealers on this controversial topic are the comments of Lou Mastromarco, another Toronto District dealer. "With a good promotion we do very well. You can't expect to hold all the new customers they bring in, but we hold about 10% of them with good driveway service and good products."

Sunoco dealers significantly influence our corporate attitudes and policies—both as outspoken individual Sun businessmen, and in concert, via the Sunoco Dealer Advisory Councils whose members are elected by the dealers in each of our districts.

Sales of Sunoco products by branded distributors early established a market development precedent that still holds good today. For example, distributor-owned service station chains, displaying the Sunoco diamond symbol in rural Ontario and Quebec are part of the quiet, solid expansion of our Canadian retail market.

The modern, successful Sun dealer is a far different man than his counterpart of fifty years ago. In every sense, he must be—and









"Dusty" Erichsen-Brown, a Sunoco dealer in metropolitan Toronto is a good example of another kind of Sunoco blending—that of dealer independence with uniformly excellent service to the community. Dusty's yellow jacket is symbolic of his independence. Comments Dusty, "It's certainly not in



Sun's station operations manual but this is my station, and I want my customers to know at a glance who the manager is. If they've got any complaints, they know who to come to." As do the majority of Sun dealers, Dusty maintains and actively uses a customer follow-up card system. "It doesn't



take a long time to build up a steady, loyal clientele when you let them know you are really interested in keeping their cars in good shape. "Our steadies also know that they have first call on our road and home service when they're stuck,"

most often is—a business executive, entrepreneur, and community-involved citizen. His function is more sophisticated and far more complex than even two decades ago—but his potential reward has kept pace. Today, their incomes average more than \$10,000 per year.

Over our first fifty years, Sun has established—in the opinion of many of our dealers—the best business opportunity environment in the oil industry today. Comments George Avery of Avery Sunoco in Ajax, Ontario, "Six years ago, I talked to *all* the oil companies, and went with Sun simply because they offered me the *best* deal."

And *that* expresses best a prime objective of our company in its relationships with our independent Sun businessmen and Canadian motorists—to offer the best deal—today, and in our future.







Sunoco supports its dealers in the Ontario and Quebec market place with all the gusto a one million dollar advertising and sales promotion budget can command.

Above left: Sun's Golden Year T.V. commercial featuring our Regency Rose china promotion was one of Canada's best colour commercial productions.

Above Centre: Jacques Duval, known to thousands of Quebec's radio and television audiences as 'Monsieur L'Automobile,' and an active participant in auto racing sports, extolls our products' virtues in recorded commercials.

Above: In Ontario, Gordon Sinclair of CFRB, probably Canada's best known and most controversial radio and TV personality, often ad libs unscheduled plugs for Sunoco resulting from his personal experience as a regular customer of Sun Dealers' Cowan & Archibald Warren Park Station. (Note: Gordon gets 15-1/2 miles per gallon on Sunoco 240 from his famous Rolls Royce.)

Left: Sunoco 260 sponsored race boat driver Eric Davis whose boats carry the Sun colours around Canada's top outboard racing circuits. Eric and his father are also owners of Secord Motors and Marine, a thriving land-locked marina and Sunoco dealership in Toronto.

Above right: Our independent dealers promote on their own too. For example: dealer Henry Roth shells out over \$400 each year to sponsor a Pee-Wee hockey team. Good advertising? "Not really," comments Henry. "I just get a kick out of helping the boys have fun. And besides, I like watching the game."

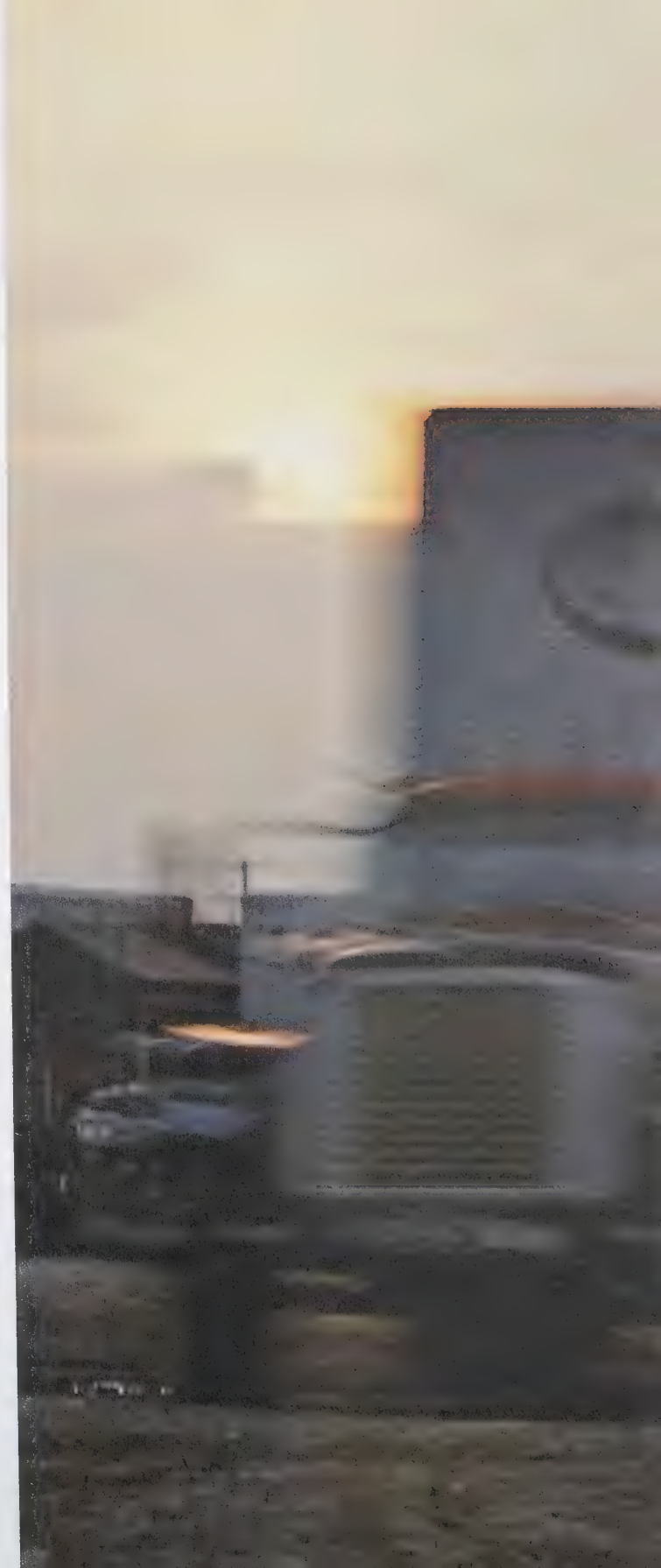
Right: Sunoco sponsored internationally famous Roger Penske and his driver Mark Donohue, who use Sunoco 260 in their Can-Am Challenge Cup and Trans American racing cars. Here the Penske Sunoco Eagle is tuned before a Mosport, Ontario, race.

Far right: Sun Dealer, Claude Aubert, Quebec City, became an official part of the Quebec Winter Carnival by sponsoring 'motorized toboggan' competitions.













Sun in Canadian

# HOMES & INDUSTRIES

Our first Canadian half-century began with the establishment of a Montreal office on September 19, 1919, whose function it was to sell Sun *industrial* lubricants in Canada.

Not unlike an iceberg, Sun's involvement in day-to-day Canadian industrial and home life is largely hidden from view. Few Sunoco service station regulars know for example, that millions of gallons of our high quality, fuel oil help heat thousands of Ontario and Quebec homes.

Most of this warming flood is sold and delivered by Sunoco-branded fuel oil distributors. Some of it, however, comes to your furnaces under a variety of brand names registered by other independent fuel oil distributors.

Complementing our fuel oil sales are two new Sunoco-branded household products—the Sunoco Customaire\* Domestic Oil Furnace and the Sunoco Domestic Humidifier now conveniently available under our Sunoco home heating and service contracts.

In a thousand other unsuspected ways, Sun products play their domestic role in 1969. Those wonderful Rubbermaid accessories in your kitchen and bathroom owe their colour stability and durability, in some part, to Sun process oils used in their manufacture.



Sun products play a thousand unsuspected roles in everyday Canadian life—cutting oils for the metal-working industry, gasoline and lubricants for the truck transportation industry and fuel oils for home heating are three examples seen here.



Sunoco gasoline, diesel fuel, motor oils and lubricants help major truck transport fleets to meet their delivery schedules. The tires on your family car, and Canadian manufactured running shoes, rubbers, and overshoes, also owe certain of their improved qualities to similar Sun oils—virtually regardless of manufacturer.

That fine set of drop-forged hand tools prized by the family mechanic and manufactured by the Gray Tool Company of Canada owe their durability in part to two quenchings in Sun Quenching Oils. The inks that make words and photographs visible on millions of pages of Canadian magazines and newspapers are derived from Sun carbon black and printing ink oils. A special Sun oil formulation even helps to shave low carbon steel wire at the rate of 4,000 miles per hour—one step in the preparation of four million detergent-filled scouring pads used each week by Canadian housewives.

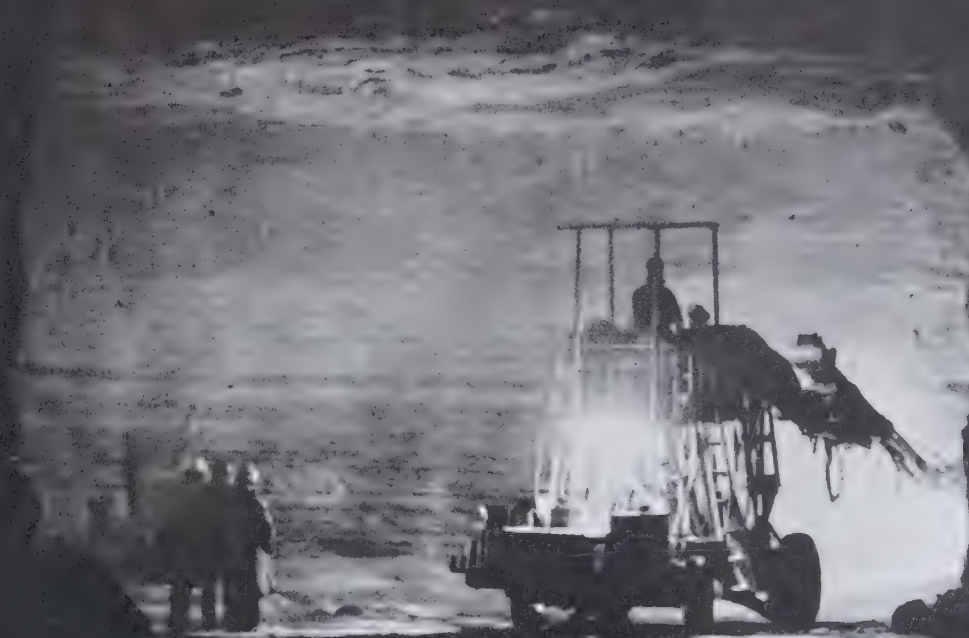
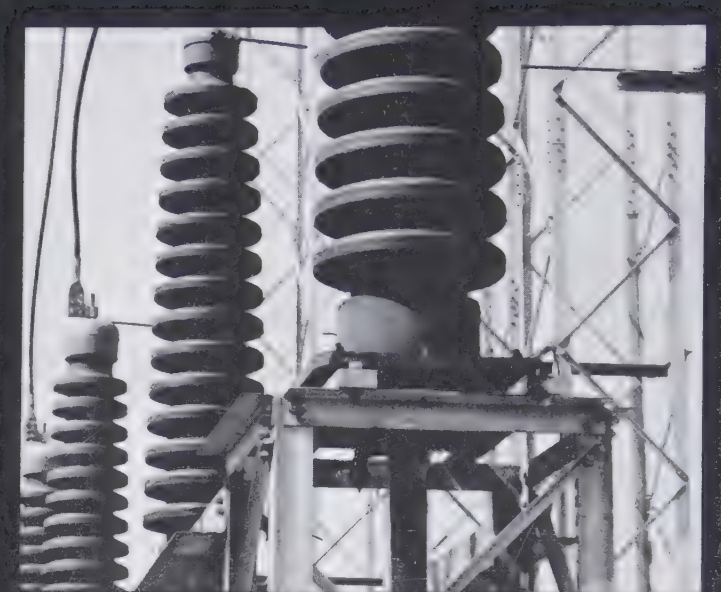
Other Canadian Sun products add their touch of quality or production economies to wool fibres, glass bottles, a host of plastic items, hockey skates and pucks, bicycles, lacrosse balls, baby dolls, leather goods, carpets, paper bags, bonded mod fabrics, thousands of refrigerator compressors, lenses for overhead fluorescent lighting fixtures, castings in your automobile, stove and refrigerator; and help insulate, cool and lubricate the generators, high voltage cables and power transformers that make our highly electric Canadian way of life a reality.

In a thousand other ways, Sun researched and manufactured products contribute to Canada's high standard of life. And that, too, is another prime objective of our company—to be of public service.

\*Registered Trademark





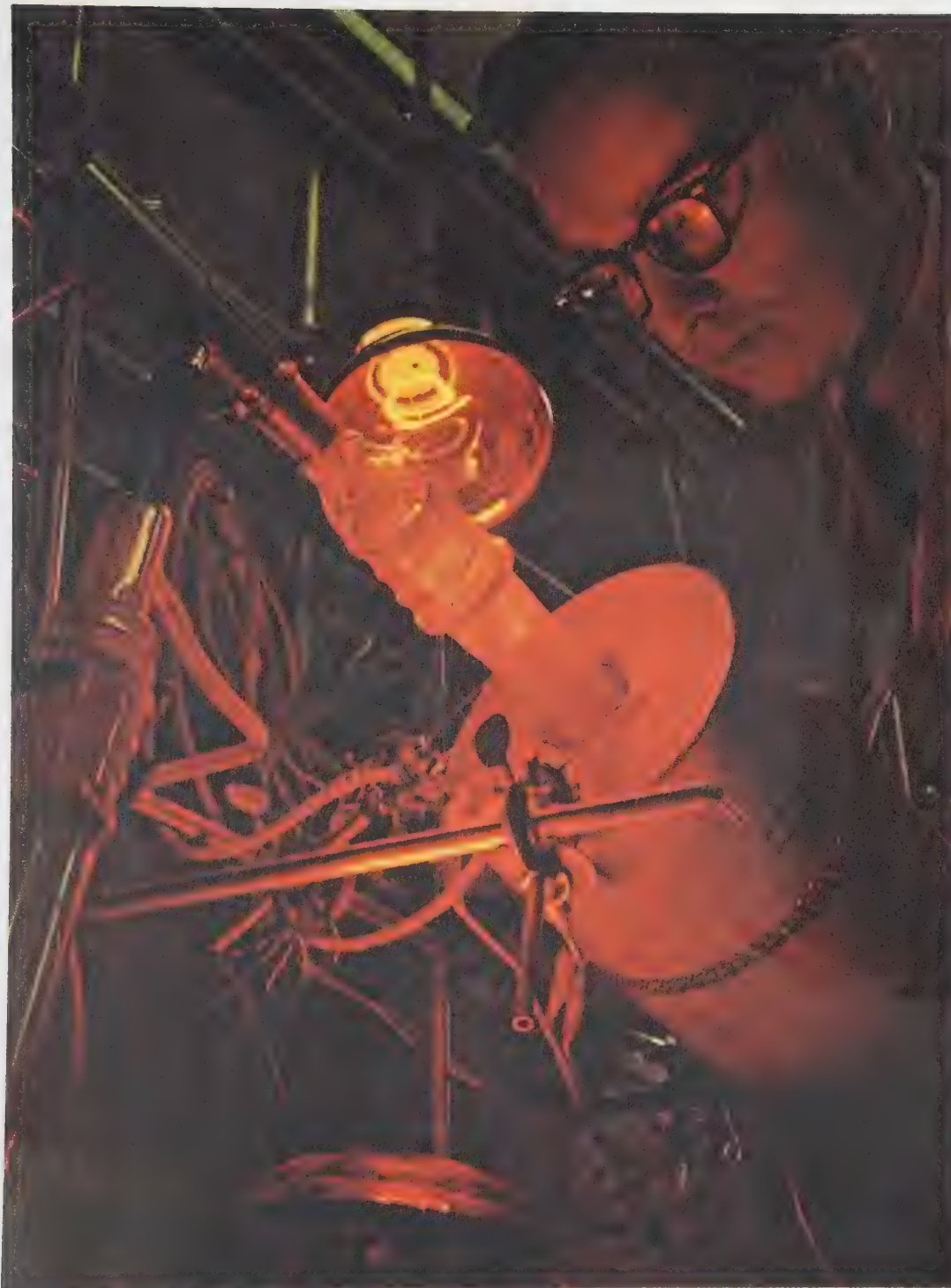


Opposite page: Canadian cornfields are 'cornier' thanks to a special Sun oil used as a carrier for Atrazine an agricultural aid that keeps weed growth down on the corn field.

On this page: Other Sun oils add their touch to the economy and/or quality of metal conduit pipe, a host of automobile components and accessories including antennae, childrens' rubber "Disney" toys, the transmission and generation of electricity, and even help to mine salt and a host of other minerals.

Above: A Sunoco home heating service technician puts finishing touches to the installation of our latest household branded product—a Sunoco Customaire\* domestic oil furnace.  
\*Registered Trademark





Above: Testing a potential new catalyst at Sun's \$6 million research and development complex at Marcus Hook, Pa. Right: The 24,000 ton Ponce de Leon, one of the world's largest containerships, ready for launching from Sun Shipbuilding and Dry Dock Co.





# The Canadian member of an **INTERNATIONAL FAMILY**

It is a special pleasure on *our* 50th Canadian Anniversary to offer our congratulations to the Netherlands Sun Oil Company on the occasion of its 50th Anniversary. We are twin brothers in the international Sun family that now embraces production, refining and/or marketing subsidiaries in 23 countries around the world. A total of more than 500 products—ranging from uranium, through a spectrum of oils, greases, gaso-

lines and petrochemicals, to ships—are sold throughout the world.

On this continent alone, since the 1968 addition of the Sunray DX Oil Company to the family, Sun markets motor products directly in Ontario and Quebec, 34 U.S. states and the District of Columbia; and distributes industrial oils and lubricants throughout the North American Continent and Hawaii.

Associated U.S. companies, mine mercury and uranium ores, drill for geothermal steam; and manufacture a host of plastics, industrial chemicals and fertilizers. They also build ships and special components for the aerospace and hydrospace industry.

In 1968, after the Sunray DX merger, the company reported gross revenues of \$1,801,211,000, a net income of \$164,430,000,



Above: Nearing completion on a platform in Lake Maracaibo is the largest gas processing plant in South America, built by VenSun and associated companies.



## The international world of Sun Oil



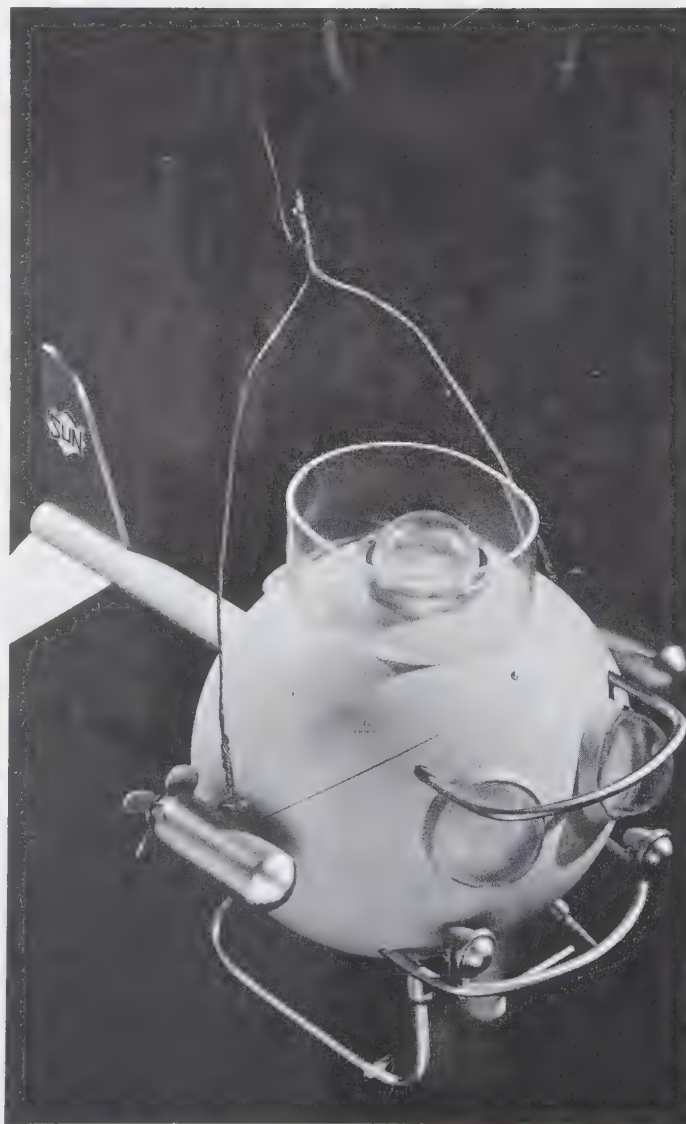
and assets of well over \$2 billion.

Sun's continental crude production including synthetic crude from Great Canadian Oil Sands was approximately 230,000 barrels per day in 1968. About 11,000 net wells produced crude oil and natural gas.

More than 8,000 miles of Sun operated pipelines—as well as a fleet of ocean going Sun tankers and coastal barges—transported crudes to, and products from six refineries whose combined crude capacity per day totalled 487,000 barrels. The seventh—and newest refinery—located in Monrovia, Liberia, West Africa, adds another 10,000 barrels per day capacity to that total. In 1968, world-wide sales of Sun refined petroleum products rose to 7.9 billion gallons, more than half of which was gasoline.

Sun is exploring for, or producing crude oil and gas reservoirs, in the North Sea, Africa, South America, Spain, Iran, the Persian Gulf, Borneo, Papua and Australia—as well as throughout North America from north of the Arctic Circle to Texas, and from offshore California to the Province of Quebec.

As a member of this international enterprise, Sun Canada is free to draw on all the assorted talents, expertise, and experience represented—and they on us. It might be said at first glance that 28,100 heads are better than 1,500 (that is, approximately, the employment ratio) but such is not always the case. For example, when the need arose recently for a man technically qualified to head up a special services division for the new Liberia refinery, 1,500 Canadian employees produced six qualified candidates—one of whom got the job—compared to one candidate from all the other branches of the Sun family.



Above: "Guppy" Sun's latest underwater research vehicle. Right: Microbiological research project at our Marcus Hook, R & D centre, investigates production of food materials from oil.









# GO!

with confidence

"Opportunity with Sun Canada—and for Sun Canada—at every level, is immeasurably greater today than when I joined the Company 31 years ago. We've seen more progress in the past 15 years than in the first 35 years of our Canadian life and I think this rate of change is likely to continue.

"It is a truism, but none the less a fact of corporate life for *any* company, that the real indicator of how successful you *will* be lies in the calibre of your people.

"Our people are *great*."

Kenneth Heddon,  
President,  
Sun Oil Company Limited,  
Toronto, Ontario.







